

Nation's Business

A USEFUL LOOK AHEAD

MAY 1960

FUTURE OF THE WORLD

Konrad Adenauer ★ David Ormsby-Gore
Chiang Kai-shek ★ Joseph Luns ★ Paul-
Henri Spaak ★ George Hakim ★ pinpoint
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How to tell your profit story **PAGE 38**


Why you and your boss disagree **PAGE 98**

Balance of political power is shifting **PAGE 35**

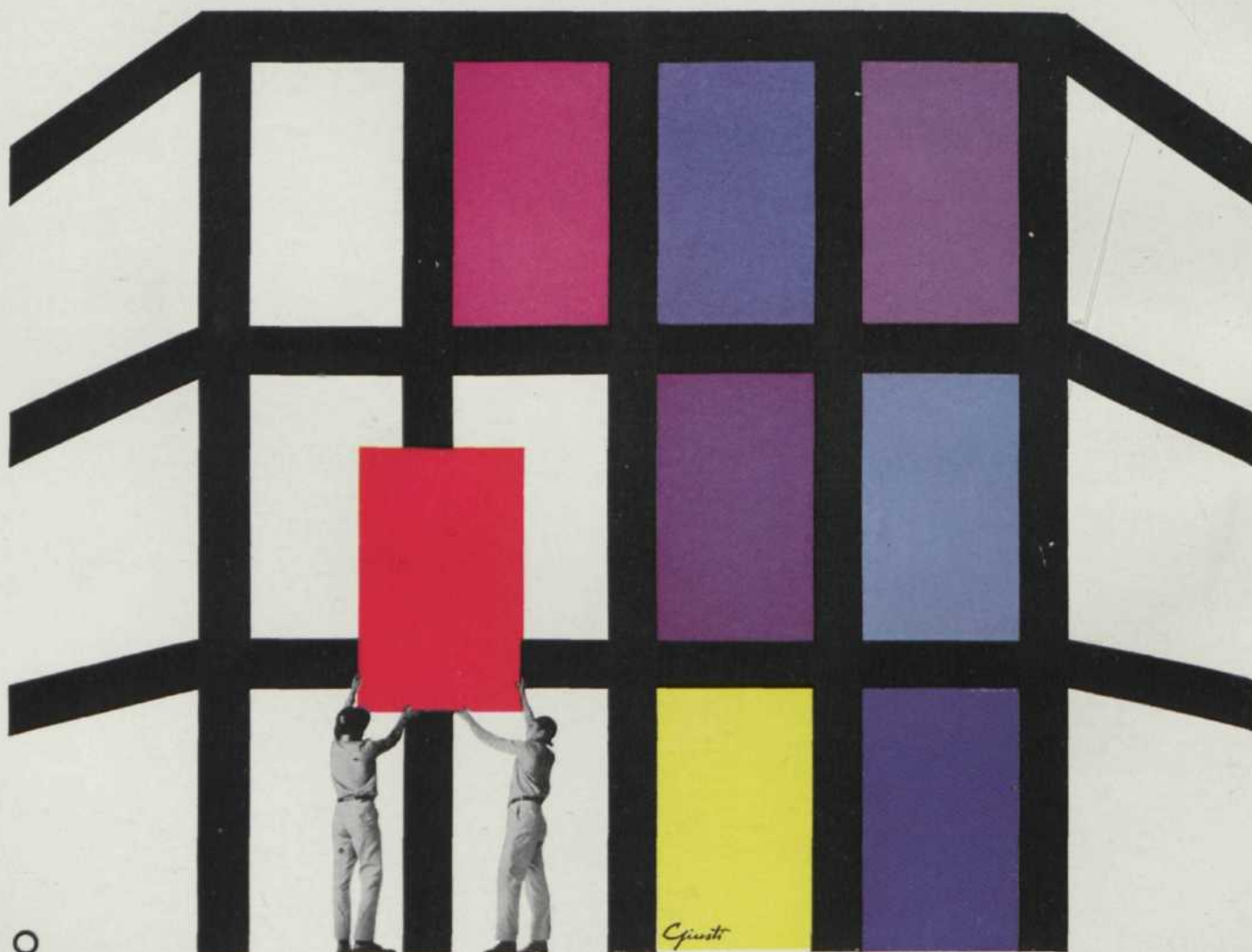
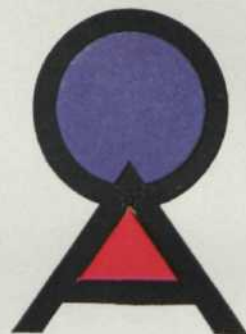
Unions push biggest election campaign **PAGE 77**

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Nation's Business

May 1960 Vol. 48 No. 5

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Washington, D.C.

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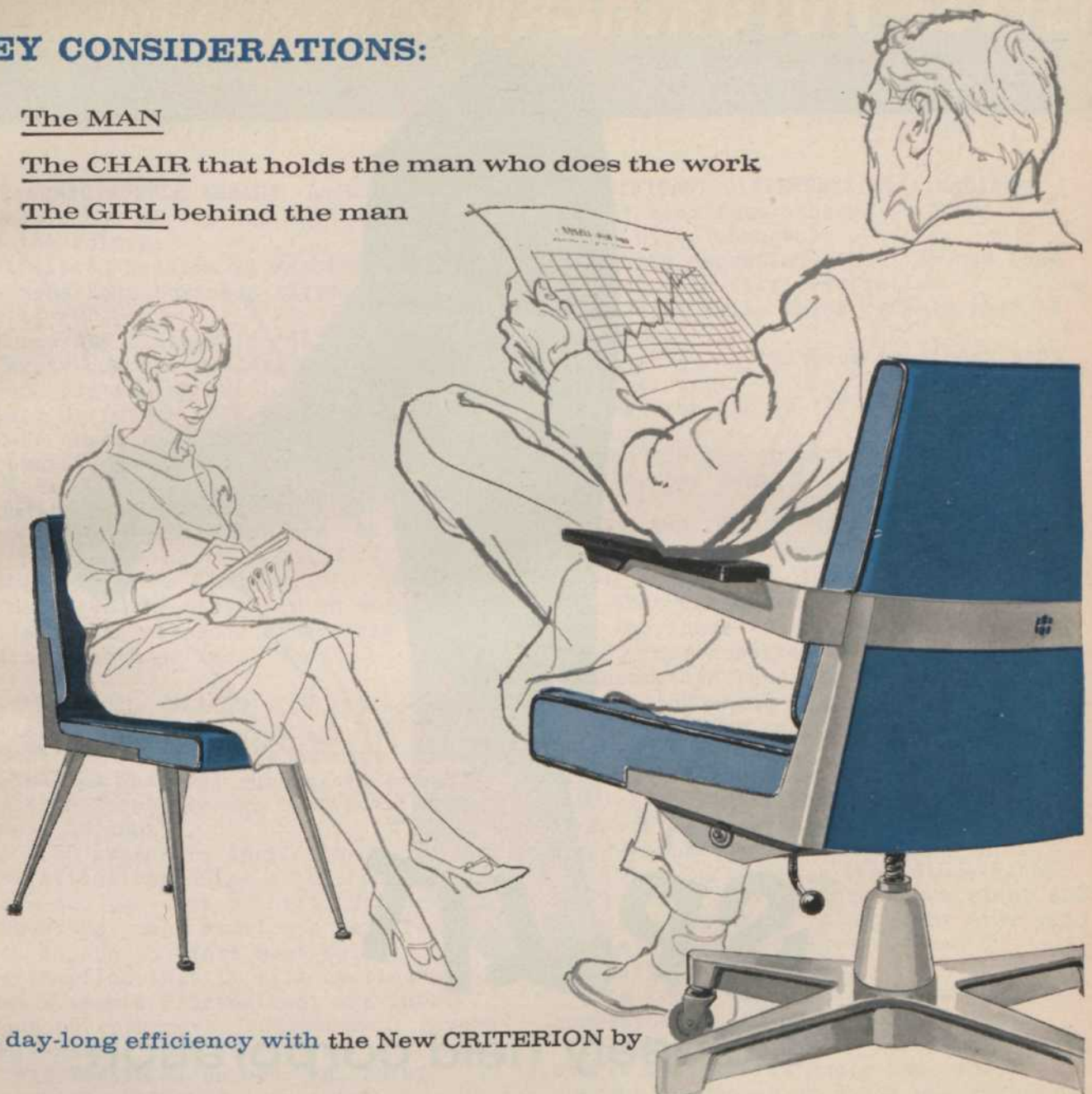
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management's WASHINGTON LETTER

►ECONOMIC WOBBLE AHEAD? Look again.

Here's how 25 top business economists see the future:

At closed session in Washington, only one sees some business slippage before end of '60.

Three see flutter in '61.

Twenty-one see steady, moderate growth ahead, plateauish '61.

Look at future this way, says one:

Year ahead will bring expansion, but percentage growth will be less than past two years.

Don't expect boom to bail you out of your mistakes as in '58 and '59.

►HAVE YOU HEARD ABOUT--

The legendary statistician who drowned while wading across a river that had an average depth of three feet?

►STATISTICAL AVERAGES CAN FOG economic horizon.

Here's one for you to examine closely.

Study by National Bureau of Economic Research shows average boom goes on for almost 30 months.

Add 30 months to April '58--statistical beginning of current expansion--and you come out with October '60.

Does that mean America's next recession is due to start next fall?

Assumption that it will overlooks fact that economic fluctuations are influenced by consumers, businessmen, government--rather than statistical averages.

Says Martin R. Gainsbrugh, chief economist, National Industrial Conference Board:

"Policies we pursue in 1960, decisions made by consumers, businesses, government now and in months ahead will determine character, duration and amplitude of this cycle rather than a simple chronological relationship with April 1958."

►HERE'S CURRENT CYCLE situation:

Boom is 25 months old.

Previous boom--'55 to '57--lasted 35 months.

One before that--'49 to '53--went on for 45 months.

Note that both are longer than the 30-month average for all booms.

Careful analysis of current situation adds up to a probable boom length no shorter than previous two booms.

►SIGNIFICANT DIFFERENCE distinguishes current boom from others.

It's price change.

Economic expansion since '58 has been achieved with little inflation.

Wholesale price index reveals what is happening.

During '49 to '53 boom the index went up 11 per cent.

Index from '55 to '57 moved up seven per cent.

Since '58 the index has gone up less than one per cent.

►WATCH END-PRODUCT DEMAND for clues to future business trends.

Your guide includes:

1. What consumers are doing--Never have Americans taken so much merchandise off business shelves as currently.

Consumption rate now is running about \$18 billion ahead of year ago.

This troubles some economists who had expected even bigger sales.

Still it's a record rate.

Moreover, Americans are earning more than ever before and uptrend for buying can be expected to continue.

2. What businessmen are doing--Plans for business investment in new plant and equipment point up 14 per cent over year ago as firms get ready to spend \$37 billion in '60.

This trend indicates businessmen's confidence in future opportunities.

3. What government is doing--Biggest single consumer is Uncle Sam, whose current purchases of goods and services indicate probable consumption of about \$54 billion this year.

Add demand by state, local governments and you have total government purchases of goods and services running at annual rate of about \$98.5 billion for '60.

Next year points to a probable outlay of \$102.5 billion.

Note that end-product demand in all categories points up.

That means total business volume--now close to \$500 billion annual rate--will probably continue to trend upward in months ahead.

►POPULATION GROWTH--often mentioned as a plus factor in America's future--will provide many new business opportunities.

Sample: Census projection shows

that, 10 years from now, we'll have 48 million children under 10 years of age.

We have 39 million now.

That means an expanding market for companies handling items used by children under age 10.

But don't overlook problems population growth will bring.

Sample:

Number of consumer Americans will rise faster than producer Americans.

That means output per producer will have to rise significantly in years to come.

Look at these projections:

People up to age 24 (now 81 million of them) will number 105 million in '70.

People age 65 and older (16 million of them now) will number 20 million.

That adds up to an increase of about 28 million in age brackets of people who primarily consume rather than produce.

Producer age group--25 to 65--will go up only seven million.

In addition to the need for boosting worker productivity, you can count on more women working in years ahead.

►DOCTRINE OF COMPARATIVE ADVANTAGE--

Know that term?

It's an economic principle that influences your business.

What it means is that each region or area in a free market tends to specialize in production of those goods it can make and sell best.

Look at books:

At the end of the past century, Massachusetts led as book publisher.

Now New York and Illinois account for 70 per cent of total book shipments in this country.

Look at autos:

Michigan had two thirds of all automotive jobs 10 years ago.

Less than half of the auto industry's employment (45 per cent) now is located in Michigan.

►U. S. MARITIME INDUSTRY slumps.

Measure of decline:

At War II's end, U. S.-flag vessels carried 66 per cent of American maritime cargoes.

Today's percentage: 15.

Why the slump?

Foreign-flag ships operate cheaper

than ours, are cheaper to build, hence they get the bulk-cargo business by underbidding American carriers.

►SPREAD BETWEEN SHIPBUILDING prices here and abroad is big, getting bigger.

Example:

18-knot vessel with 600,000 cubic feet capacity costs \$3.7 million in Japan.

Similar ship here would cost builder about \$5 million.

►BIG DIFFERENTIAL is labor cost.

Study shows:

Labor in U. S. shipyards represents 22 per cent of ship's total cost.

In Germany it's 10 per cent.

In Japan it's eight.

►ATOMIC MERCHANT SHIP nears completion, may sail next fall.

It's called N. S. (for Nuclear Ship) Savannah, will cost about \$30 million, is being outfitted at Camden, N. J.

After initial trips with scientists, dignitaries aboard, Savannah will visit U. S. ports, then make overseas stops to demonstrate U. S. technology.

With crew of 40, about 60 passengers, Savannah will be capable of 21 knots, carry 9,400 tons of cargo.

It'll run about three years before taking on new uranium fuel.

►OFFICIALS THINK ATOMIC SHIP will have commercial impact.

Maritime Administration, which built Savannah as part of research program, hopes project will prove feasibility of converting other ships to atomic power.

That could eventually put U. S. ships in better competitive position with foreign-flag vessels.

Government is already working on proposal to convert a tanker to atoms.

But note this:

West Germany--a principal competitor --is exploring a similar idea.

►HYDROFOIL VESSEL will also make headlines by mid-1961.

That's launching target.

To be built by Grumman Aircraft at a cost of about \$1.5 million, 80-ton ocean-going craft will skim over the waves at 60 knots.

Idea is speedy passenger service.

►ARE YOU ABOUT TO LOSE some of your key men?

Demand for executive talent is running high.

Recruiting organizations report heavy calls for managers in many lines as companies build management power for the future.

Raiding is rising--that is, companies are hiring executives away from other firms, especially smaller and medium-sized firms.

But you can protect your firm against raiding.

Consultants list these key buffers:

Reward effort, recognize good performance adequately.

Make sure your compensation program is competitive in your industry.

Provide advancement opportunities.

Minimize job insecurity.

Note: Firings are up, too.

For more on that, see page 96.

►THE 520 BILLIONTH TAX DOLLAR to be spent for national defense since end of World War II will pass through U. S. Treasury in about eight weeks.

During 15 years since world hostilities ended, U. S. has spent more for defense than it spent for all wars combined since the winter of 1776.

Amount far exceeds cost of War II.

Tapering of high cost for defense is not in sight.

By end of next fiscal year major national defense will have cost U. S. taxpayers a total of \$565 billion.

How to reduce this drain of our national wealth--as well as that of other nations--will be subject of top-level discussions in Paris this month.

On the eve of this meeting, Nation's Business asked leading world spokesmen to comment on the future of the world.

They discuss outlook for peace, prospects for arms reduction, coming world-wide economic growth.

Begins on page 46.

►DEPARTMENT OF ARITHMETIC:

Start with Benjamin Franklin, noted exponent of thrift.

Franklin said:

"A penny saved is two pence clear,

"A pin a day's a groat a year."

Had America begun at Franklin's birth

dropping \$36.16 per second in the federal piggy bank and continued without interruption until now, today's federal debt could have been paid off about the middle of this month.

►OFFICIALS TALK about getting Uncle Sam out of business-type activities that compete with private enterprise.

Progress?

Here's the record:

On Sept. 21, 1959, Bureau of Budget issued Bulletin No. 60-2 providing for new evaluation of all commercial-type enterprises of government.

Said the directive:

"It is policy of the Administration that federal government will not start or carry on any commercial-industrial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels."

Directive originated in Cabinet meeting, was intended to build new fire under program started in '55.

Now switch to newly published hearings on '61 appropriations.

Time is Mar. 8, 1960.

Rep. George Mahon, Appropriations Committee chairman, is asking Defense Department officials what progress has been made.

Official replies:

"Mr. Chairman, gentlemen--60-2 has been a matter we have discussed at quite some length.

"Implementation of it has not been proceeded with as yet, as we have not arrived at any firm conclusion on its contents.

"I think that about covers our position in the matter at the present time."

►TENNESSEE VALLEY AUTHORITY asks for \$3.4 million public works appropriation to bolster its fertilizer venture.

TVA--biggest producer of electricity--distributed 246,508 tons of fertilizer during past year.

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Veterans want billions more

Congress pressed to grant costly
new pensions, housing, schooling

CONGRESS is under strong election-year pressure to boost veterans' benefits by more than \$3.6 billion next year and \$23.7 billion over the next decade.

Organized veterans, accustomed to open-handed treatment from the government, are swamping congressmen with mail demanding approval.

Few letters urging caution have shown up.

However, economy-minded lawmakers think that few of the schemes will become law if businessmen and others get behind their efforts to prevent new drains on the Treasury.

Veterans' benefits already are the fourth largest item in the federal budget.

President Eisenhower estimates these outlays at almost \$5.5 billion in the fiscal year starting July 1, up \$314 million from the current year.

Furthermore, he warned in his budget message: "Expenditures for these programs, as presently authorized, will continue to increase in future years as our veterans advance in age."

Cost of the new programs would be piled on top of these already anticipated increases.

Proposals being pushed would:

► Give peacetime ex-servicemen the same loan and school benefits as war veterans.

► Extend to Feb. 1, 1965, the World War II veterans home and farm loan guaranty program now scheduled to die this July 25.

► Set up a much broader system of direct federal loans to veterans for homes and farms.

► Allow World War II veterans an-

other chance to get government life insurance.

► Grant each World War I veteran a pension of \$100 a month with no strings attached.

Rep. Olin E. Teague, the Texas Democrat who heads the House Veterans' Affairs Committee, firmly opposes the no-strings-attached World War I pensions and the reopening of insurance eligibility for World War II vets. He's taking a long and searching look at the scheme to give educational and loan benefits to peacetime ex-servicemen.

Mr. Teague and Democratic Sen. Harry F. Byrd of Virginia have been restraining influences on veterans legislation for many years, although they have gone along with many benefits they felt ex-servicemen had earned. Mr. Byrd is chairman of the Senate Finance Committee, which handles veterans legislation.

Veterans' groups are making an unusually strong fight for their proposals this year. For example, Mr. Teague says "the pressure is intense" for the pension scheme, which would cost \$1.9 billion the first year.

"I just don't know whether we will be able to hold down irresponsible spending demands unless we get more support from people across the country who'll pay the bills," the Texan declares.

If the pension bill is passed, most congressmen are sure the President will veto it. Also, Mr. Eisenhower has all but promised to kill any proposal to give loan and educational benefits to peacetime ex-servicemen.

Such benefits, Mr. Eisenhower declared in his budget message, "are not justified because they are

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VETERANS

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"Peacetime ex-servicemen are recognized as being in a different category from wartime veterans. Those who serve in peacetime undergo fewer rigors and hazards . . . the disruption of their educational plans and careers is minimized . . . they now receive substantial pay and benefits, and they return to civilian life under more favorable conditions after receiving valuable training while in service."

Moreover, he added, these benefits "would be directly contrary to the incentives which have been provided to encourage capable individuals to make military service a career."

Carter L. Burgess, a member of the United States Chamber of Commerce's National Defense Committee, made the same point at a House Veterans' Affairs Committee hearing. Mr. Burgess, a former Assistant Secretary of Defense, warned:

"It is most important to avoid new legislation which could undermine the efforts of the armed services to build an effective military force having the well trained and experienced personnel required to fight with today's highly complex weapons."

Defense Department surveys, he pointed out, disclosed that a large percentage of the enlisted men who left service right after the Korean war did so to take advantage of the educational benefits offered by the government.

Another spokesman for the National Chamber, Dr. Henry King Stanford, president of Birmingham-Southern College, noted that the federal government already has adequate programs to help qualified students get schooling. He cautioned further that already-crowded colleges would be swamped if they get a new crop of GI students.

The Bureau of the Budget and Office of Education, speaking for the Administration, stressed the cost of the school aid, which would total more than \$300 million a year until at least 1970.

Some congressmen don't like the idea at all.

Democratic Rep. James A. Haley of Florida, a member of the Veterans' Affairs Committee, commented at a hearing that if a veteran is not interested in getting an education under present programs, "there is

(continued on page 16)

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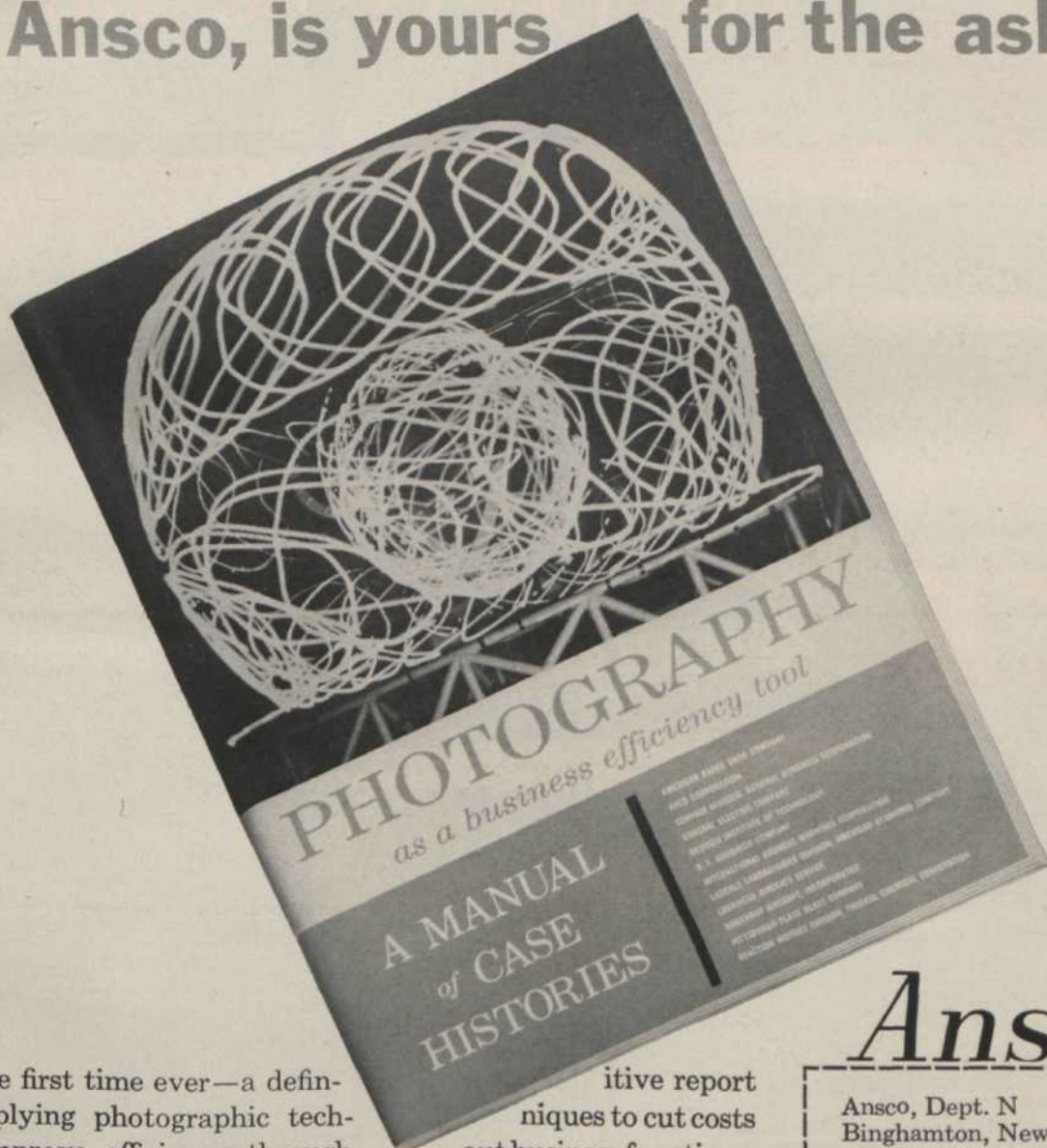
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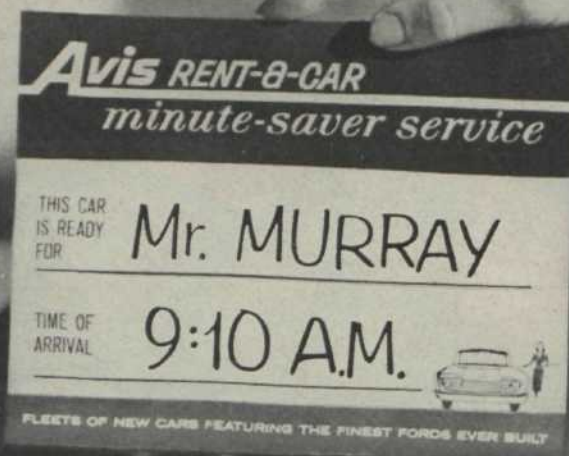
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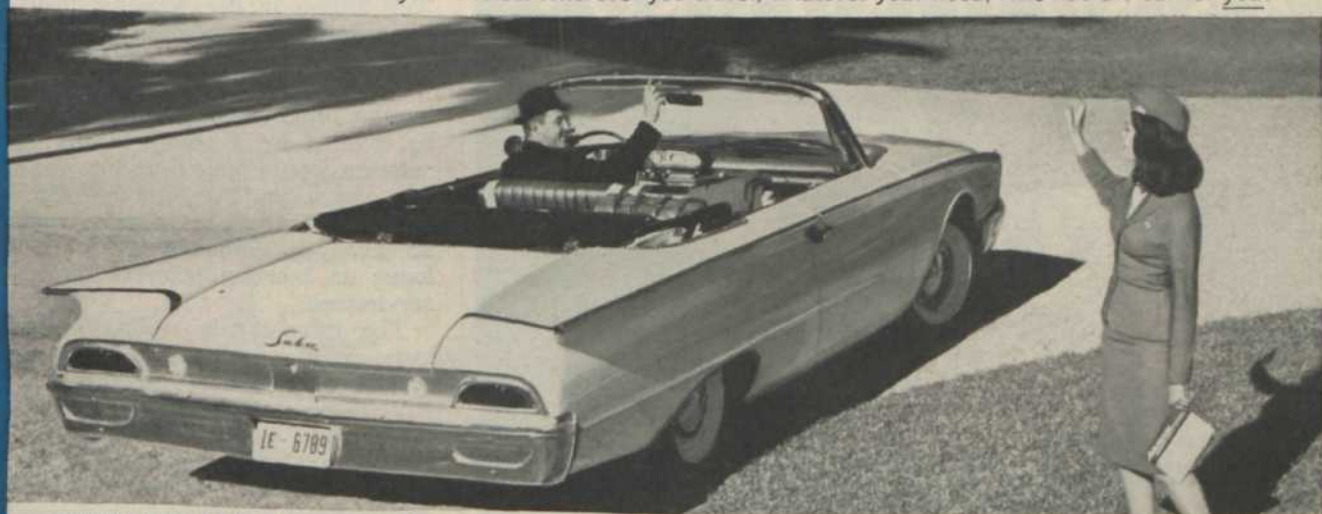
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VETERANS

continued

no need to let him waste another year or two at government expense. A man who has no more individual initiative than to sit back simply because he served his country, we will say for six months, and acquire an education at the expense of the American taxpayer is never going to contribute very much to this nation."

Of the major proposals before Congress, the most likely to become law is some extension of the home and farm loan guaranty program for World War II veterans. Under this authority, the Veterans Administration backs private loans.

Representative Teague favors an extension to the Feb. 1, 1965 deadline on similar benefits for Korean war veterans. And he's sponsoring a bill to expand direct federal lending to as much as \$5 billion a year. These loans would be available to any veteran unable to get a private loan. At present, direct federal lending is confined to rural areas.

The Veterans Administration would get the money by issuing debentures carrying not less than four and one-half per cent interest. To get the lending started, the bill would authorize the VA to use 25 per cent, or about \$1.4 billion of the \$5.7 billion in the veterans insurance fund, to purchase the new debentures.

Administrative costs of the huge lending program theoretically would be covered by a one per cent fee veterans would have to pay to get a loan and a two per cent fee which builders would have to pay to get an advance commitment for VA loans on housing projects for ex-servicemen.

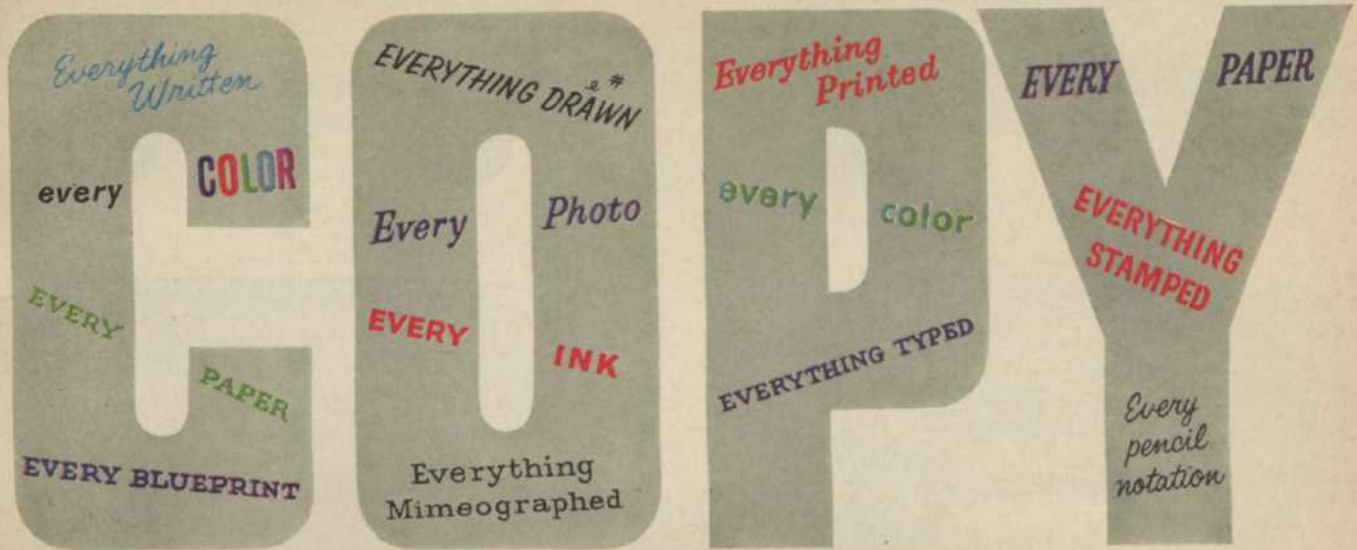
The interest-rate ceiling on GI loans would remain at five and one-quarter per cent under the bill.

Veterans Administrator Sumner G. Whittier counters that the Administration's proposal to make the interest rate more competitive is the way to help veterans get homes. The present ceiling is one half of a percentage point lower than the maximum the Federal Housing Administration allows on loans it insures and even further below the six per cent currently charged on most conventional, or nongovernment-backed, loans.

As a result, lenders are reluctant to make GI loans.

The Administration wants authority to raise the ceiling at least as
(continued on page 23)

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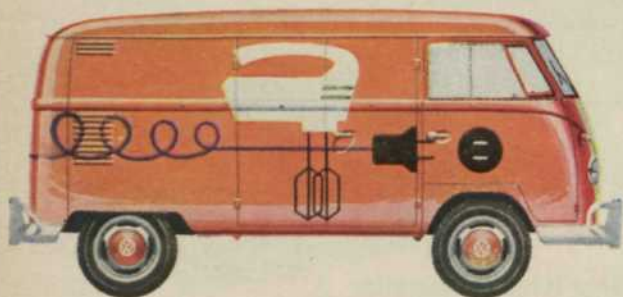
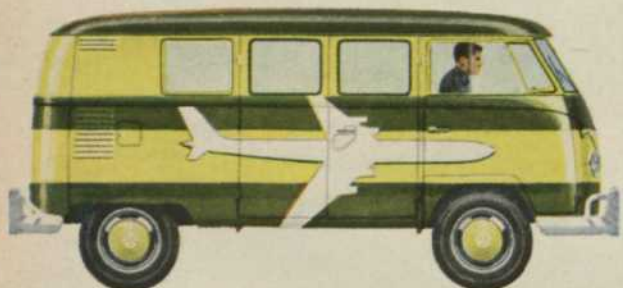
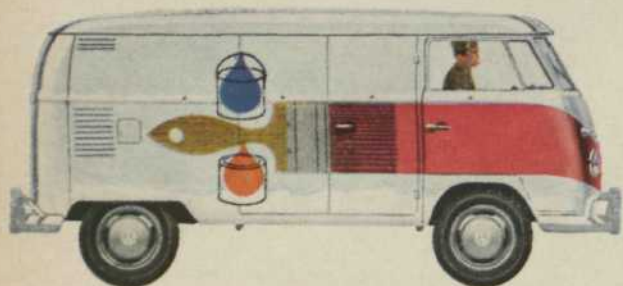
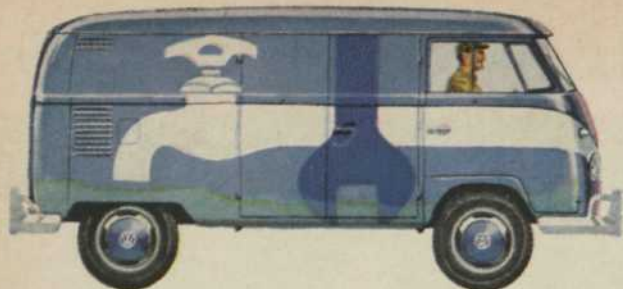
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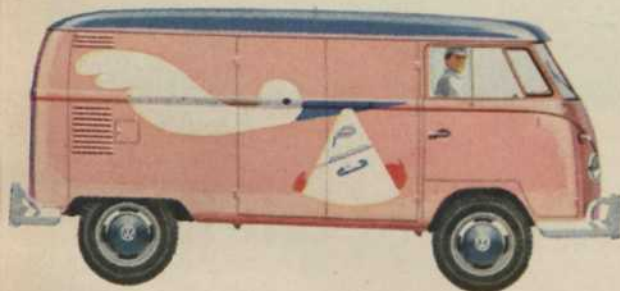
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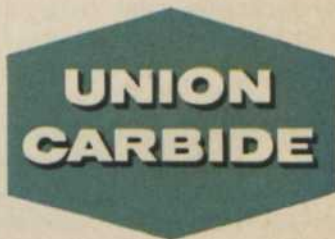
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VETERANS

continued

high as the FHA maximum. Mr. Whittier also points out that the Treasury would have to make up the \$1.4 billion that would be drained out of the insurance fund under Representative Teague's bill. This would further increase the government's debt.

It's likely the President would veto the bill in its present form. Then, the question would be whether Congress would pass a simple extension of the guaranty program and whether Mr. Eisenhower would accept that.

In his budget message, he stated flatly: "No further extension or liberalization of these benefits is needed."

It's more doubtful whether the President would veto a reopening of the eligibility of World War II veterans for government life insurance. But it's also more doubtful that Congress would pass this proposal.

About 10 million of the 15.2 million World War II vets let their GI insurance lapse after the war and failed to reinstate it before the deadline in April, 1951. The American Legion and other veterans' organizations argue that some ex-service-men didn't know about the deadline or didn't understand it. They contend that these veterans should be given another chance to get in.

Louisiana's Democratic Sen. Russell B. Long is the chief sponsor of legislation to allow this. He has offered it several times in recent years as an amendment to other veterans bills. Though this tactic has always failed, he plans to try again this year.

The proposal would have trouble as a separate bill because it would have to be approved by Mr. Byrd's Finance Committee.

If the Senate should approve the plan, Representative Teague has promised not to block House consideration. But he has also promised to fight the proposal. His argument that the government should not get back into the life insurance business would have considerable influence on many House members.

But he warns that the bill may get through unless he gets more evidence that the public supports his view.

"If businessmen don't care enough about keeping the government out of this field to make themselves heard, I don't know whether we can keep on fighting their fight for them," he says. **END**



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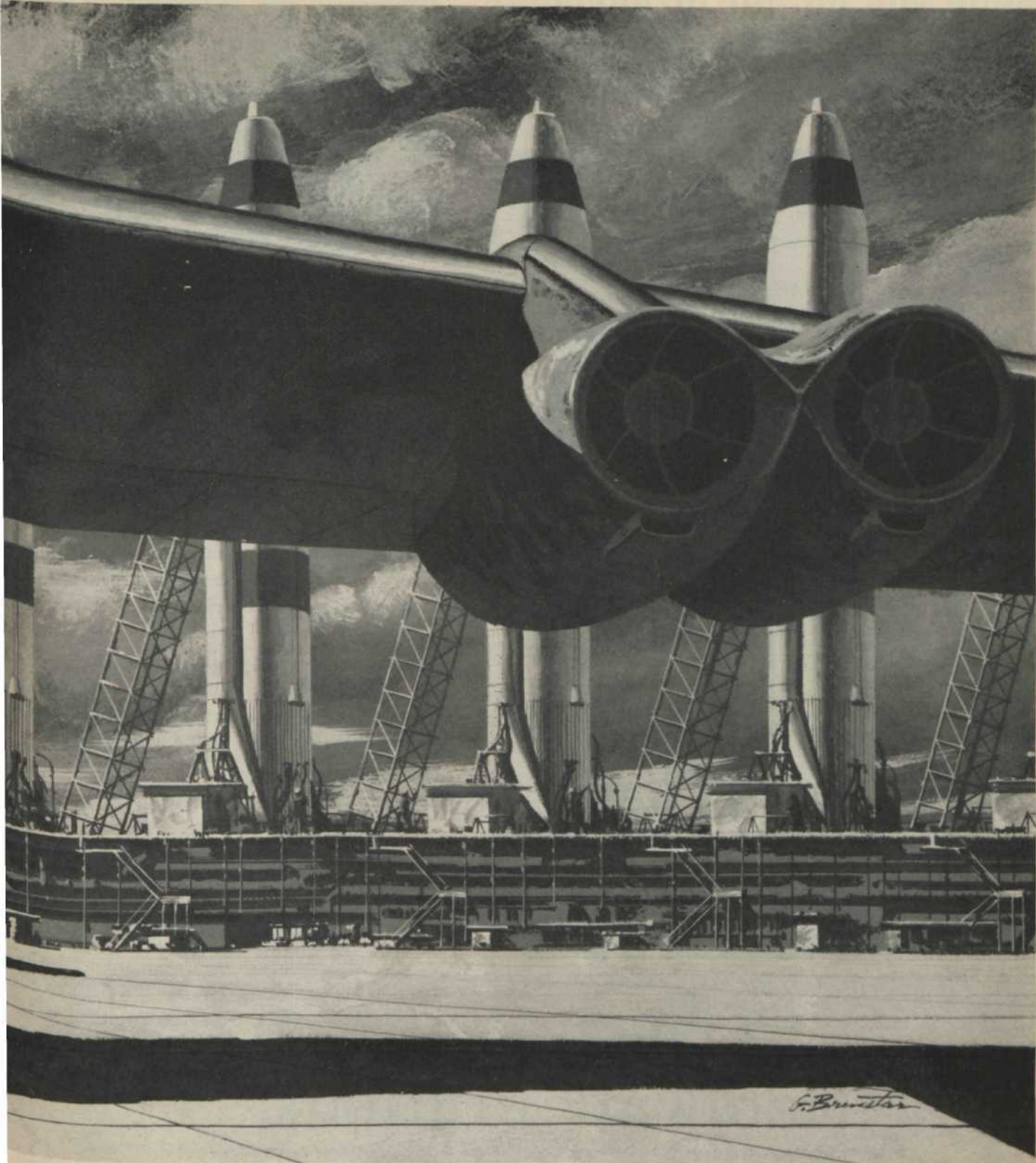
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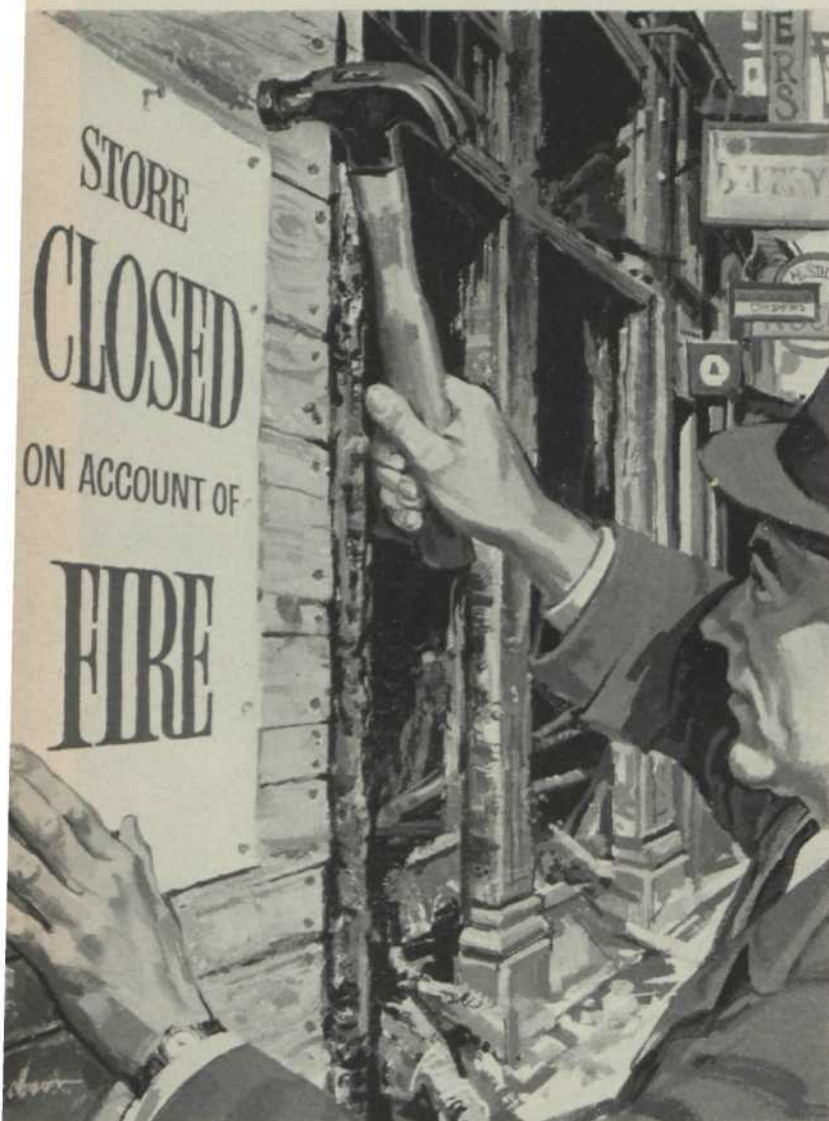
will have a high-performance airplane—the B-70 Valkyrie multi-purpose bomber. From U.S. bases, this 2,000 mph aircraft with its advanced equipment and multiplicity of weapons could strike almost any trouble spot in the world within three hours.

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Health of aged is election-year issue

BY EDWARD T. FOLLIARD

NO TWO PRESIDENTIAL campaigns in the United States have ever been alike. Inevitably, the passage of four years brings changes and sees the birth of new hopes, fears and desires. These in turn become political issues.

Looming on the horizon of the 1960 campaign is a new and hot issue which may well divide the two parties and revive cries of "socialism" and the "welfare state." The issue is medical care for the aged. For the moment it is symbolized by the bill of Rep. Aime J. Forand, a Rhode Island Democrat.

The Forand bill would amend the Social Security Act to provide 120 days a year of medical care for retired people older than 65, including hospitalization (up to 60 days), time in nursing homes, drugs, and surgical fees. The program would be financed by raising the social security tax on employers and employees from three per cent each to 3¼ per cent each.

Letters have been pouring in on members of Congress urging them to get behind the Forand bill or something like it. These reflect a drive by organized labor and by clubs made up of the aged, or, as some prefer to be called, senior citizens. Also, of course, there has been a flood of mail from the opposition.

The Forand bill can arouse great emotional heat. This was noted firsthand by a group of Washington political reporters who traveled to Detroit to cover a Democratic Midwest Conference. On a Sunday afternoon, the day after the conference ended, they watched 10,000 members of the United Automobile Workers stage a noisy rally for the Forand bill in Detroit's State Fair Coliseum. On hand to endorse the legislation were three avowed Democratic candidates for President—Senators John F. Kennedy of Massachusetts, Hubert H. Humphrey of Minnesota, and Stuart Symington of Missouri.

Walter Reuther, head of the UAW, did an effective job of working up the union members before the Democratic candidates took over the rostrum. He was telling how President Eisenhower had opposed

the Forand bill when an explosive "Boo!" arose from the 10,000.

It was the first time that the Washington newsmen had ever heard the President booed.

Mr. Reuther went on to say that the soldier-statesman had been educated by the government at West Point and had been paid, fed and sheltered by the government most of his life.

"Here is a man," the UAW leader continued, "who



HARRIS & EWING



WIDE WORLD

UAW's Reuther and Democratic candidates back health bill of Rep. Aime J. Forand (left)

has always had his medical bills paid by the government. But he says now to the old people, 'Get lost but don't get sick. I'm not for the Forand bill.'"

"Boo!" the union members roared again.

Naturally, all the arguments heard that day—from the Democratic presidential candidates and union spokesmen—were in favor of the Forand bill.

Opposing the bill are the American Medical Association, private health insurance groups, the Chamber of Commerce of the United States, and a number of other business and professional organizations and

TRENDS: WASHINGTON MOOD

individuals. These are their arguments: the Forand bill means compulsory insurance that would be hostile to the American system of free enterprise; it would be an opening wedge for full-scale socialized medicine; voluntary coverage of persons more than 65 has been doubled in eight years; compulsory government insurance would put the private medical insurance groups out of business.

Opponents cite estimates that 90 per cent of the aged persons who need and want health insurance will have it through private plans by 1970. They also point out that most of the aged need improved

WIDE WORLD



Candidate Nixon, HEW Secretary Flemming are drafting GOP health program for aged

chronic illness and nursing home facilities and better home care rather than surgery and hospitalization.

The opponents won a victory when the House Ways and Means Committee, which handles revenue legislation, voted down the Forand bill, 17 to 8. However, hardly anybody on Capitol Hill thought that was the end of the story. It is expected that agitation for the bill will continue in Congress and also out on the stump in this year's campaign.

There are a lot of votes among the millions of Americans who have reached the golden years, and the Democratic party almost certainly will go after them. It would be a good guess that the party's 1960 platform will include a plank calling for something like the Forand bill.

Vice President Richard M. Nixon has no intention of surrendering this big bloc of votes to the Democrats. He is not likely to go against the wishes of President Eisenhower, but he does feel that the Republican party ought to do something to show that it is concerned about aged citizens. He and Arthur S. Flemming, Secretary of Health, Education and Welfare, are expected to work out a plan that would be voluntary rather than compulsory. It would be outside the social security system and administered by the states. The medical insurance would be provided by private companies, and be

financed by the individual, the state, and the federal government.

Undoubtedly, matters such as this medical care business have prompted Mr. Nixon to say that "Anyone who does not recognize that we are in the fight of our lives must be smoking opium."



But why, it might be asked, should the Republican party worry when it is able to point to such glowing prosperity?

Well, for one thing, some Americans say that they have not shared in the prosperity. Farmers complain that their income was off sharply last year and threatens to decline still further this year. It is true that the farm vote is not as important as it once was, but even allowing for an enormous shrinkage in the number of farms, the farm population even now totals about 20 million.

Discontent among farmers explains in large part why the Democrats increased their majorities in Congress two years ago, and why there are Democratic governors now in such states as Iowa, Kansas, Nebraska, Wisconsin and South Dakota.

Iowa's Democratic governor, Herschel C. Loveless, says that there is nothing that Vice President Nixon can do as a presidential nominee, nothing that he can promise, that will pacify the farmers this year. Feeling this way, Governor Loveless intends to run for a United States Senate seat in the tall corn state.

Of course, the Democrats have their worries, too. They are faced with a fight over the seating of southern delegates at their national convention at Los Angeles on July 11. The controversy will be a complicated one, but at the bottom of it will be the civil-rights issue.

Six southern states have passed laws or adopted party rules which would make it possible for them to bolt the Democratic Party in November if they find its stand on the racial question intolerable. These states have 57 electoral votes, a bloc that could be mighty important if the presidential race should be close.

Getting back to 1960 issues, there is one that overshadows all others, that dominates the thinking of most Americans, and that might be decisive in the battle between the two parties. It is, of course, the peace issue.

Events of the next two months, notably the Summit Conference in Paris and President Eisenhower's trip to the Soviet Union, may indicate which way the international winds are blowing and tell us whether Premier Nikita S. Khrushchev really wants to melt the ice of the cold war.

Chester Bowles, a Connecticut Democrat, who is Senator Kennedy's foreign policy adviser, said at the Democratic Midwest Conference that the President's visit to Russia will have great impact here at home. He said further that, if the visit is pleasant, as it is likely to be, and if it gives hope of better days to come in Soviet-American relations, Vice President Nixon is certain to benefit in a political way in the 1960 campaign.

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The profit return on their air conditioning investment has been even more spectacular. According to Rockwell records, air conditioning is earning a 26% annual dividend! And this does not take into account such difficult-to-measure but important benefits as improved morale, better workmanship, less turnover and absenteeism.

Significantly, these gains are not affected by geographical location or the nature of the products manufactured. Rockwell, for example, has Carrier air conditioned plants in Pennsylvania, Nebraska, Georgia, Ken-

tucky, Mississippi and California which employ a wide variety of manufacturing techniques.

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Right to speak prevents tyranny by majority

BY FELIX MORLEY

IN THE YEAR of a presidential election Congress necessarily works within the confines of a rigid timetable. Because many of its members are politically instrumental, the legislative body must adjourn before the nominating conventions are called to order. That deadline is especially pronounced this year, with four Democratic senators contending for first place on the ticket of their party.

Decision on this nomination will be made at Los Angeles in the week of July 11. So only a scant two months remain for winding up congressional business, including appropriations that demand close scrutiny yet cannot be postponed. Since the agenda is overloaded this means that a good deal of it is going to be lost in the shuffle. This, because of the nature of some of the pending measures, is certainly no unmixed evil.



Blame for the congestion is naturally being laid on the bloc of 18 southern senators who fought a stubborn, and largely successful, battle against the civil rights legislation proposed by the Administration.

This one issue consumed almost two months of the Senate calendar, contrary to the desires of a majority of that body. By using every possible parliamentary device, including outright filibuster, the compact southern group was able to stand off the less concentrated will of 82 per cent of the Senate members. Not all of the civil rights proponents favored the legislation in the form presented by Illinois Senator Everett M. Dirksen for the Administration. But except for the protection afforded to the minority by the Senate rules, some compromise bill would have gone through as expeditiously as happened under the more democratic procedure of the House.

Anticipation that the two-thirds majority necessary for cloture would be difficult to obtain seems to have been the basis of Senator Lyndon Johnson's clever strategy throughout. He could exert effective leadership for moderate legislation, confined to the voting issue, primarily because moderation was as unsatisfac-

tory to northern as to southern die-hards. While southerners wanted no civil rights legislation at all, others wanted it to include penalties for continued school segregation, provision for the extension of nationalized education and even for the control of local employment policies by Washington. Early cloture would have muzzled the expression of this viewpoint



In principle, the Senate provision for unlimited debate guarantees every state the right to speak

and was therefore, though for opposite reasons, as distasteful to Senator Douglas of Illinois as to Senator Russell of Georgia.

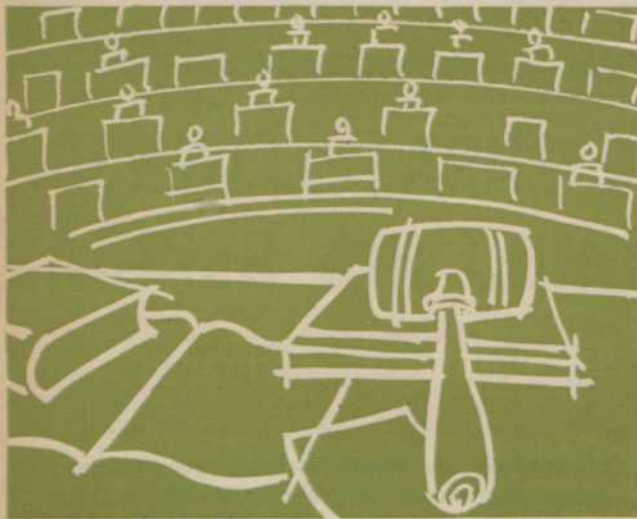
So the moral pointed by the protracted debate on civil rights is that few senators, whether of right, left or center, are willing to compromise a strongly held viewpoint in order to reach an agreement. And this obduracy, within limits, is justified by the very nature of the Senate. That body, giving equal representation to every state regardless of population, area or wealth, was specifically designed to represent the states as such. From the beginning, the Senate's func-

TRENDS: STATE OF THE NATION

tion in our federal system has been quite other than that of the more democratic House, planned to reflect the majority opinion of the republic as a whole. It is too often forgotten that this fundamental difference in the representative character of Senate and House is an important aspect of the principle of checks and balances.

The debate over civil rights, so quickly terminated in the House, so long dragged out in the Senate, should consequently be regarded as an outstanding illustration of the ingenuity of our form of government. To appreciate this lesson at full value, it must not be obscured by personal feelings on the nature of the issues immediately involved. Indeed the emotions aroused, in both North and South, should rather serve to emphasize the importance of a parliamentary system that gives such healthy protection to the expression of discordant viewpoints.

Seen in this light, the device of the filibuster becomes something very different from the merely obstructionist trick which many critics both foreign and domestic have painted it to be. Although sometimes grossly abused, as when the late Huey Long utilized it to recite endless recipes for "potlikker," the provision for unlimited Senate debate is in principle a guarantee that a state shall not be deprived of the right to present its local viewpoint simply because this may not accord with the opinion of the nation as



By limiting the power to silence those who disagree, the Constitution protects the rights of minorities

a whole. The Fifth Amendment, as a vital safeguard for the individual, is not likely to be abolished because it has often been twisted to protect unsavory persons. Similarly, the practice of unlimited Senate debate may be expected to continue even though it occasionally produces arguments that are anathema to many.

The very bitterness of the civil rights controversy, moreover, should serve to focus attention on the un-

derlying problem of government for any people who value freedom. How can the protection of minorities, which may on occasion be right, be reconciled with the acceptance of a majority opinion, which sometimes may certainly be wrong? In a true democracy—which our government is not—minorities have no effective protection against the will or passion of the majority. But in a federal republic, as established by our Constitution, the potential tyranny of the majority is severely circumscribed. One of the safeguards is certainly the Senate's stubborn adherence to its time-honored practice of unlimited debate.

Because the filibuster has been most often employed by southern Senators, many regard it as an undue protection for a particular regional viewpoint.

The explanation is that the former slave states have for a century been on the defensive in their social attitudes, and therefore prone to take advantage of every parliamentary device that serves their cause. That is to be expected. Were a liberal northern Democrat elected President, with a Congress highly responsive to pressure from organized labor, one might anticipate a filibuster by conservative Republicans, perhaps to prevent complete repeal of the Taft-Hartley Act. Indeed, many actual instances could be drawn from our history to show that the filibuster is in nature wholly nonpartisan. It may best be defined as a tactic to check a legislative steamroller, regardless of the direction in which it is moving. Because of its applicability to any situation, the demise of "King Filibuster," to use the bygone phrase, seems most unlikely.

Of course, those who do not believe that the minority has rights will always be hostile to the practice of unlimited debate. During the recent debate in the Senate the communist radio worked overtime to prove this point. Peiping's criticisms were particularly unbridled, defining the filibuster as "a traditional dirty trick of American politicians—one of the typical farces of bourgeois democracy."

Certainly the filibuster is not democratic under the communist definition of this nebulous word. And if by "democratic" we mean a system in which the minority has no established rights, then the filibuster is not democratic in any sense. But most of us will feel that condemnation by the People's Democracy of Communist China is an argument for the practice.

For 171 years Americans have maintained a governmental system under which free men have prospered as nowhere else in either place or time. The assurance of unlimited Senate debate has throughout been an integral part of that system. When the communist dictatorships have accomplished as much, then but not before, it will be reasonable for them to attack the filibuster.

All our privileges demand discretion in their use. This applies to freedom of speech as a principle, and to its particular application in the form of unlimited Senate debate. Between affirmation and denial of free expression, however, the choice is clear. Mistakes may result from discussion at the expense of action. But the irreparable blunders come from acting without adequate consideration in advance.

CONTROL



Walter L. Jacobs (seated), President and General Manager, and Donald A. Petrie, Vice President for Administration, of The Hertz Corporation.

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BALANCE OF POLITICAL POWER IS SHIFTING

Social, economic changes will weaken
today's blocs, strengthen new groups

THE BALANCE of political power in America is shifting. Over the next 10 years this shift may mean:

- ▶ Less federal intervention in local affairs.
- ▶ More demand for certain kinds of social benefits.
- ▶ Less demand for other benefits.
- ▶ A realignment of voting groups.
- ▶ Changes in strength and membership of both political parties.

Reasons for these changes are social and economic. The trend toward abundance, education, security and responsibility will inevitably change political thinking, because most political objectives today are basically social or economic. Among foreseeable changes are these—

Shifts from:

- Farm to nonfarm living.
- People of middle age to groups younger and older.
- Blue-collar to white-collar employment.
- Home owners to renters.
- One-industry companies to diversified, many-market companies.
- Natural materials to synthetic materials.
- Scarcity of materials and power to a position of relative abundance.

Fewer people with:

- Incomes under \$5,000.

- High school education only.
- Sickness at any given time.
- Unemployment for seasonal or cyclical reasons.

More people with:

- Investments in stocks and bonds.
- Relatively steady family incomes of \$10-\$20,000.
- College education.
- Ability and willingness to travel.

As a result of these changes, some groups now politically powerful will become less so; others not yet politically active will necessarily become so, with ideas and demands considerably different from those of today.

Such things have happened before.

Eighty years ago, when we were building the frontiers, the railroads were politically potent. Forty years ago, when our rural economy was near its peak, the Anti-Saloon League was feared. Twenty years ago, when the farm economy was seriously threatened, farmers became a powerful political force. At about the same time the strength of unions began to grow.

Let's look at who is gaining political power now, who is losing it and what impact the change may have on government.

Farmers

The political power of farmers may be expected to weaken during the 1960's because of changes in

BALANCE OF POLITICAL POWER IS SHIFTING *continued*

agriculture. To increase the income of farmers, it was necessary to raise productivity through increased capital investment per man and per acre.

When productivity grows more than population, and prices are supported at above world levels, it becomes necessary to reduce the acreage farmed. As the increased use of capital means more acres farmed per man, a reduction in the number of farms follows. Today farmers number about one tenth of our population. They may be only one twelfth by 1970.

The process also brings specialization. The old family farm cannot compete with today's specialized farm, run in an efficient, businesslike manner.

As farmers become efficient producers, fewer farms will be left. Possibly fewer than 50,000 wheat farmers can handle our wheat needs. A similar number might satisfy cotton needs. Production of meat, fruit and vegetables might require larger numbers of farms than this. But one million farms, less than one fourth as many as there are now, could supply a population of more than 200 million.

These farms would be run by men who would think and vote like businessmen.

Managers of the developing specialized farms must be cost conscious. Sales prices to some farmers are costs to others. Poultry, dairy, and meat farmers buy grain. Price supports add to their costs.

The efficient grain producer himself is hurt by farm programs that limit his acreage. It would be to his advantage to sow more acres and sell the output at somewhat lower prices. This would compel marginal producers to become efficient or quit farming. Such a development must proceed slowly to minimize hardship. Total farm income would, however, be increased, in part because agriculture would be able to compete better in world markets.

Farmers and their helpers will one day be among the best earners in the country. Those who speak for such agricultural economy will be far different from those who speak for today's farmers. We will be much farther along this road by 1970.

Veterans

Veterans and their families today represent about 45 per cent of the total population. By 1970 they will represent less than 33 per cent and by 1975 only about 25 per cent. The cost of special benefits to veterans will tend to hit many individual veterans harder. Even today most veterans are 40 or older. Their incomes are above average and they are paying increasingly higher percentages of their incomes in taxes than are wage earners as a whole.

This increase in age works another way. The number of veterans older than 60 and 65 is increasing even though the total veteran population is dropping. A veteran older than 60 or 65 will be more interested in an increase in his benefits than in the tax burden that increase brings. He is more likely to vote for

congressmen promising higher benefits than is the middle-aged veteran.

The Grand Army of the Republic was politically potent 40 years after the end of the Civil War. Veterans of World War II may well be politically effective for 20 years or more, though the cost of their special benefits may start declining, at least in relation to national income, in another 20 years.

Older people

In 1950 there were 12 million people 65 years and older. That was eight per cent of the total population. Today there are nearly 16 million aged 65 or more. By 1970 this group will number nearly 20 million. That will be nearly 17 per cent of the population old enough to vote.

Consider the prospect, however improbable, that veterans and other older citizens might join forces. By 1970 veterans and their wives, plus all people 55 or older, will represent 52 per cent of the voting population. The voting strength of such a combination could be irresistible.

However, the pressure for special rights for retired or handicapped older individuals 10 years from now will be exerted on an increasingly prosperous society which is already taking care of its relatively unprivileged through social security and other programs.

Nevertheless, with one out of two voters either 55 or a veteran, pressure for special benefits to these groups could be intense. This pressure will be lessened to some extent, but not eliminated, by the fact that practically everyone in these groups will have to help pay for his own benefits through taxes.

Young people

The number and proportion of young people will increase at the same time the number of older people grows. This has interesting implications: an increase in the percentage of rental housing units, increase in suburban development, continued pressure for more schools. But young people are unlikely to be a political force except as they join other groups on specific issues.

White-collar workers

The shift from blue-collar to white-collar employment will have major impacts. It is the result of many changes. Increased education, changed technology, changed markets, all play a part. It means increased income, less sickness, less unemployment, higher technical, professional, engineering, legal, mathematical, and social skills. Such changes have sharp repercussions on the type of people growing up, on their employment, and on the location of that employment.

Changes of this sort interact down the line. One result is in the trend toward the suburbs. When workers had to rely on mass transportation, they tended to live

along the transit routes. Descendants of Polish-speaking immigrants tended to live in fairly well defined Polish neighborhoods. Descendants from German, Italian and other lines also clustered.

Most workers now own cars. As children come, they insist upon a good place in the suburbs near schools and churches. This brings an intermixture of nationalities, and intermarriage.

Then, as the mechanic becomes an engineer and the clerk a mathematician, blue-collar and white-collar families are intermixed. It is now much more difficult for a politician to swing the Polish bloc or the Lithuanian bloc or the Italian bloc.

The man whose father voted Democratic all his life may find himself in a community where the active families are registered Republicans. The Democrat learns that Republicans are human beings and good citizens and the Republicans learn the same about Democrats. So the number of independent voters increases. The impact on the political parties will be marked. Slogans may be less important, action more important.

The new white-collar worker is a property owner. He is becoming an owner of stocks. He is interested in, and believes he has some influence on, schools and local tax rates. He pays income taxes, excise taxes and, in three quarters of the states, he pays sales taxes. He is becoming conscious of what industry does, what unions do, what governments do. And he is becoming conscious of costs, but more as a person and less as a member of a given group.

His tendency to skepticism rises. He will continue to contribute to the union if he has been doing so, or if it is compulsory. He will support his union in any specific battle in which its leaders require open support, as in a strike vote, but he will be more critical of union leadership. He will be more interested in steady employment and opportunities for advancement than in battles with management. He will hope to achieve advances in income and status more through day-to-day contacts within the company, both directly and through the local union officials, than through strikes.

He will be less sympathetic to strikes of other unions because he feels some of them may mean higher living costs for his family, and he believes other unions usually should work out their problems without strikes. The wife wants to protect her children and her home. This may mean less interest in new national social welfare legislation and more interest in local activities. The school system, playgrounds, safe streets will get more of her attention.

In the past decade federal taxes were increased. During the next decade state and local taxes must be raised to meet immediate economic and social problems. In the past, pressure against state and local taxes was more effective than pressure against federal increases. This

(continued on page 92)

GOING
UP



GOING
DOWN





HOW TO TELL YOUR PROFIT STORY

These steps will help you dispel harmful confusion over size and use of earnings

DO PEOPLE think your company is making too much money?

Good profit figures, however welcome to management and stockholders, are often misunderstood by the rest of the public. Many people have a distorted idea of the size of profits.

Others have only a vague understanding of how profits are used.

Unions often exploit this lack of knowledge.

"Your profit figures are high, ex-

orbitant, excessive," they argue, "so you can afford a big wage increase this year."

Few union officials would, however, agree to wage cuts if profits went down. And those who understand the risk-and-reward basis of free enterprise know that merely to pump the profit of good years into unwarranted wage increases might jeopardize corporate stability and employe security during low-profit or loss years.

Union successes in using the basically unsound ability-to-pay argument are due in part to the fact that it appears plausible to a disinterested public or misinformed employes. Too many companies have not told their profit story in understandable terms.

You can use various methods to give the public and your employes the true picture. Here are some useful guidelines:

Whether people see profit as a

friend or foe depends largely on whether they understand what profit does for people. Critics of the free enterprise system attempt to convince all who listen that profit is a huge pile of cash, locked in some greedy capitalist's strongbox.

So the most important element in telling the profit story is to dramatize the function of profit. You should explain how profit is put to work. Show what part of it goes as dividends to stockholders in payment for the use of the tools of production. Help put the fallacious "profit is for the few" notion to rest by pointing out that there are more than 10 million stockholders in the U. S., and tell something about the number and type of your own stockholders.

You should also dramatize how part of profit is plowed back into the business to create new products and new jobs, and make jobs more secure. A clear explanation of the function of profit as job insurance is an essential part of telling the profit story (see "Best Job Insurance: Profits," *NATION'S BUSINESS*, March 1959). A good example of such an effort appeared in Lukens Steel's employee magazine. Excerpts follow:

"In the past year Lukens used some of its profits to pay for such items as:

"Narrow-gauge railroad engines and cars for transporting ingots and other materials from one part of the plant to another . . . a 50,000-pound crane scale for the steel yards . . . special tongs for handling ingots and slabs in the 140 mill . . . two ladles for the No. 3 open hearth. . .

"Money being plowed back into the company today for machines, equipment and research facilities helps insure the strength and continued success of our company."

The employee publication of an electrical company ran a feature entitled, "How Annamarie Got Her Job," using a photograph of an employee and a new product. The story pointed out that one of every six employees was working on a product which did not exist 15 years earlier—and concluded:

"Continued progress of this kind demands new ideas, company leadership in technical know-how, and yearly profit large enough to provide for future growth. . . ."

Other techniques which tell what profit does include:

► Putting price tags on newly installed equipment, with a brief message on how it took profit money to buy it.

► Interviews in which top manage-

ment stresses the essential function of profit as the sustenance of the business.

► Showing that, when a company needs to borrow money, it is past profit or the expectation of future profit which enables it to get a loan.

► Dramatizing the large amount of capital investment needed for each job.

► Pointing out how company and employee job security depend almost totally on good profit earnings by customer companies.

► Showing how profit, reinvested to increase productivity, is the best answer to the challenge of foreign or domestic competition.

► Publicizing business failures to show the importance of an adequate profit to employees and dealers, as well as to stockholders.

Interpret the size

Surveys show that employees and the public have an exaggerated notion of the size of corporate profit. The average estimate of corporate profit on sales (after taxes) continues to hover at the 20 per cent level—while the actual historic average for industry as a whole is about three or four per cent.

This distorted concept has a great deal to do with hostile attitudes toward profit. The confusion and hostility would be greatly lessened if you followed these suggestions:

1. Don't use total-dollar profit figures unless you interpret them in more meaningful percentage, or cents-on-the-sales-dollar, terms. Large dollar figures, not related to the size of a business, tend to be meaningless.

2. Visualize your statistics to help readers comprehend them. Many companies have used pie-charts, sketches of a segmented dollar bill, piles of pennies, to show how each sales dollar was distributed.

3. Pick the fairest, most meaningful method of measuring your own profit and stick to it. Usually you measure your profits as a percentage of your company's sales or as a percentage of its net worth.

When telling your profit story to a mass audience, avoid a complicated discussion of economic theory. As long as your facts are sound and your approach is honest you are better off to tell a simplified story.

4. Talk primarily about your company's profit, and only incidentally about industry-wide profit, profit as a share of national income,

and so on. Your employees and community neighbors will be more inclined to listen to real figures about a real company than to statistical abstractions on a national scale.

Here are some other techniques:

► Sylvania made a report to all employees, separating myths about profit from facts about profit.

► Standard Oil of Indiana ran a story in its employee publication about a person who was both an employee and a stockholder—and through this device gave an effective picture of the size of the stockholder return.

► Mullins Manufacturing Corporation prepared a special employee-oriented annual report, featuring simplified language and visualizations of the size of profit. A large number of companies have used this technique, among them, American Steel & Wire, Dayton Power and Light, Republic Steel, Studebaker, Thompson Products and Perfect Circle.

Personalize the story

Profit can be made more meaningful by interpreting it with examples familiar to your audience.

If you are referring to the role of profit in keeping equipment up to date, talk about replacing "the jigger in the Main Street Plant."

Using names and pictures of local people is another way to make the profit story more meaningful. E. I. du Pont de Nemours & Co. did this to dramatize a message showing the need for an adequate profit. Photos and stories in *Better Living* (Du Pont's employee magazine) showed how one employee received profit from a sideline restaurant business, and how another seeks a profit from sparetime farming.

Here are some other methods which have been used:

► A rubber company published an interview with an employee who formerly worked in a factory behind the Iron Curtain; his understanding of what freedom and the profit system meant to him made an effective story.

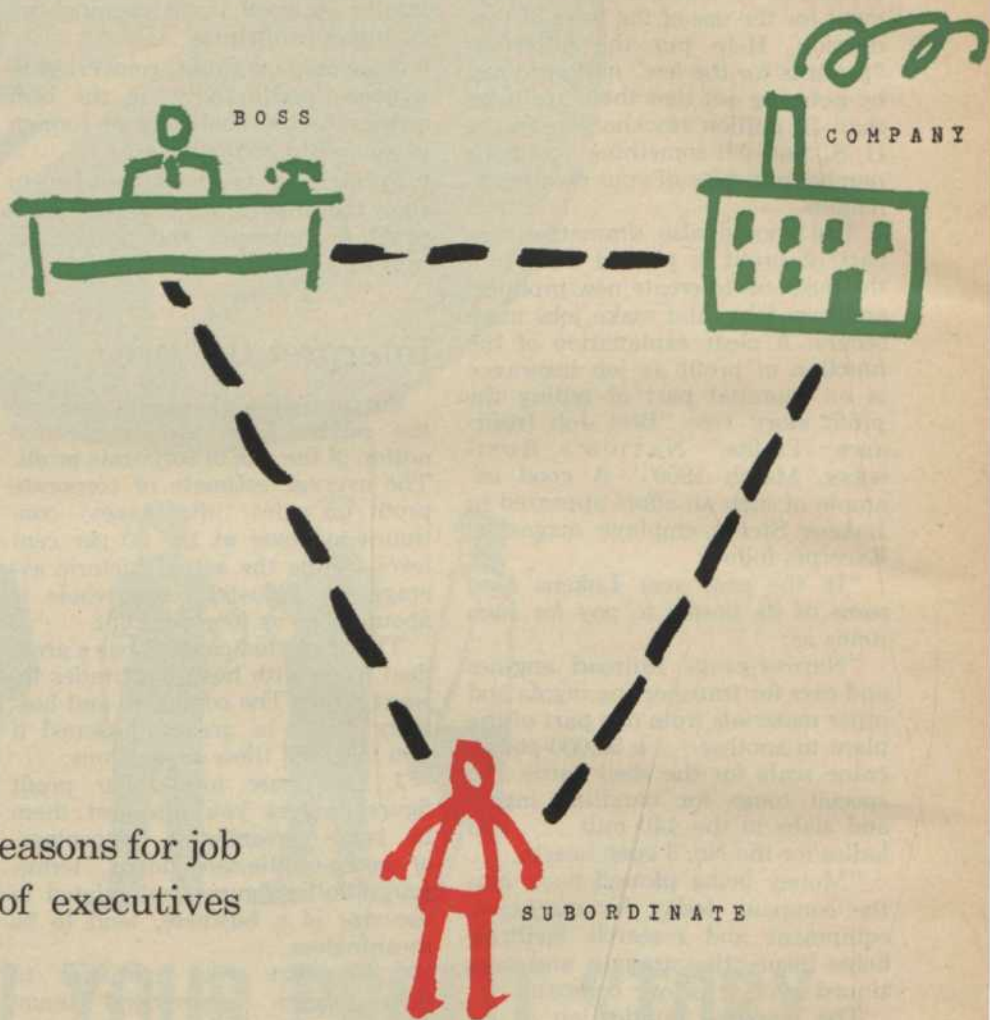
► A red-ink division of a diversified company built healthy respect for profit by reminding its employees and plant-city neighbors that company-wide profit made continued operations (in expectation of future profit) possible.

► Local stockholders visited a branch office of an insurance company, and photos and stories in the

(continued on page 117)

CORPORATE TRIANGLE:

CAUSE OF GREATEST BUSINESS PRESSURE



New concept pinpoints reasons for job adjustment difficulties of executives

EXECUTIVES CAN ACHIEVE emotional maturity only when they learn to master the strong pressures exerted on them by their superiors and the organizations they work for.

This fact is borne out by extensive psychological counseling with a large number of company officers at all levels of the business hierarchy.

The research shows that the pressures emanating from boss and organization are complex and often inconsistent. But they can be resolved. The executive who adjusts well to them stands a good chance of moving higher up the ladder of success. Those who do not make the adjustment face the prospect of stagnating in their present jobs, of falling back, or even of exhausting their emotional resources to the point of complete breakdown.

The problem might be illustrated by the figure of a triangle—call it “the corporate triangle.” One corner

of the triangle is the organization and the demands it makes upon its executives. The second corner is the superior and the demands and expectations that he places upon his subordinates, and his organization. The third corner is the subordinate.

In this three-cornered relationship, the immature subordinate invests so much psychological energy in trying to cope with demands he can't meet that he lacks the reserves necessary to work for his own interests.

This causes normal stresses to be exaggerated beyond reality.

Such an executive may lack an ability to conceive of his superiors as his peers in ability or knowledge or he may be unable to conceive of himself as anything but a subordinate.

All executives have a desire to replace their bosses or to share in their power. The desire is healthy,

necessary and as old as the family. But some executives are not able to transform this desire into accomplishment except in unsatisfactory ways.

The mature executive devotes himself to an effective aggression against his environment and to a practical use of objects such as these power figures—superior and organization. He attains self-expression that other men, intimidated by these same figures, weakly forego.

Every organization has its own character. It has a way of life, manners, customs, values, and accepted modes of behavior and goals. Thus each organization exerts a unique influence upon each member's behavior. To be a member in good standing and to share in the advantages, the executive must live up to his company's expectations. He must, in short, serve the objectives and needs of the organization.

Counseling with numerous businessmen has shown that this relationship is frequently like that of a mother and child. Mother is the source of life, nourishment, protection, security, and morality. Many executives regard their companies as sources of psychological nourishment, emotional security and physical attachment. They seek protection from their organizations and, in turn, strive to protect their organizations from would-be assassins, such as threatening competitors. Many organizations demand complete loyalty and honesty, steadfast devotion to their purposes or strict corporate piety from executives in return for opportunities and advantages.

In one corporation, for example, almost every executive felt he had complete security. Even if an executive lost money in selling his home to move to another job within the organization, the company would reimburse him.

But the company's love for its people was not unconditional. In return for security it demanded deep loyalty and sacrifice.

Even the less aggressive enthusiasts were prepared to devote their total working day to their company, during which time their loyalty and integrity was complete.

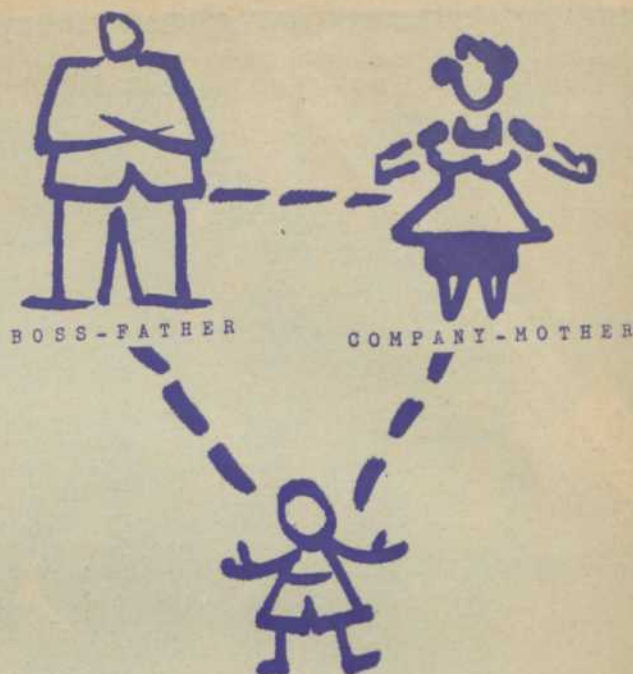
What was good for the corporation was good for them and somehow each sacrificial offering made the executive feel a little more deserving of respect from his superiors.

All executives, including the president, shared this intense loyalty to the corporation. All executives were equal in living up to demands placed upon them by their organization.

Naturally, a superior expects his subordinates to conform to the organization's character. But he has certain needs that are separate from those of his organization and which are related to his own personality. We may say his need is for performance.

Often he wants hard-working, aggressive, personally loyal, perhaps even submissive, subordinates who will fulfill certain requirements that he views as important to his career.

The superior may display the fatherly expectations of obedience, respect for superior position and experi-



ence, and always, of course, spontaneous work for his crucial interests.

These expectations must be fulfilled if the subordinate wishes to succeed.

The expectations of the superior and of the organization are often inconsistent. Performance and protection are not always compatible. The former requires a drive to stand out, gain ascendancy and dominance. The latter may mean subservience to the group, a desire to be a team member, to share responsibility, and to deny the use of personal authority. Because these expectations cannot automatically exist equally together, each executive must resolve the conflict in some way.

Ideally, the boss and organization should establish conditions under which the junior executive is able to serve both and eventually be able to develop mature expectations of them.

But more important, the subordinate must develop certain expectations toward himself that, when fulfilled, will give him individuality, creativeness, and independence. In short, power over them.

This means, to attain maturity, he must become a source of influence and authority in his own right.

In practice, this is achieved by serving the interests of the organization and superior, but in ways they have not envisaged. By such innovation the subordinate assumes a more dominant influence. If he continues to be successful, he may in time become superior in actual rank to his boss. In any event, he will be superior in his own sense of achievement and power and this is what really counts.

He is in the ideal position of having his boss and organization within his creative control and perhaps even dependent upon his growing authority and wisdom. At this point, then, he is able to make heavy claims upon his organization and superior.

Not all executives are (continued on page 80)



SALESMAN OF SOUND IDEAS

Free enterprise gets a hard-driving spokesman in
Arthur H. Motley, new U. S. Chamber President

TO THOUSANDS of friends and business acquaintances from coast to coast, Arthur H. Motley is an ebullient extrovert.

They know him as a man who sometimes blows a gold whistle to call meetings to order; an indefatigable correspondent who deluges his friends with clippings and notes inscribed in red crayon; a great speaker and a gregarious fellow who likes people.

That public image of the 59-year-old New York publishing executive, who takes office May 4 as President of the U. S. Chamber of Commerce, is accurate as far as it goes.

But it leaves out one fact which is of considerable interest to the Chamber of Commerce members whose official spokesman Mr. Motley will be for the next year.

The fact is that "Red" Motley is an astute businessman of essentially conservative disposition who de-

liberately created a flamboyant personality for himself because he found it was good salesmanship.

His youthful ambition was to be an actor. In college—where he won a Phi Beta Kappa Key—friends nicknamed him "Ham" rather than "Red," despite the fact that his hair was a good deal redder then than it is now. He retained a strong theatrical instinct even after he decided that he could not make a living on the stage.

Throughout a long, varied career in which he has held many jobs, from night watchman to college instructor, he has played to the hilt whatever role he found himself cast in.

When practical business considerations made it necessary for him to take the part of All-American Super-Salesman, he did so with consummate artistry.

Now he has a new role as President of the nation's largest busi-

ness organization, and those who know him best predict he will adapt to it smoothly.

"Red Motley," says a man who has known him for many years, "has a compulsion to succeed in everything he does. He'll do a fantastically good job for the Chamber of Commerce."

Mr. Motley's record in the highly competitive world of magazine publishing attests to this compulsion to succeed. During the five years he served as publisher of the *American Magazine*, from 1941 to 1946, its advertising volume doubled and its newsstand circulation tripled.

Since 1946 he has served as president of Parade Publications, Inc., and publisher of *Parade* magazine. When he took over, *Parade* was, in his words, "running fifth in a field of three" as a Sunday newspaper supplement. Its circulation was only

two million and Mr. Motley's red crayon was just what the accountants needed to keep the books. Today *Parade* is a strong second in the Sunday field, with a national circulation of nearly 10 million and advertising revenues of \$25 million a year.

The Chamber of Commerce has, in fact, already experienced the impact of Red Motley's driving determination to do an outstanding job at any task he sets his hand to. He has been a director of the Chamber since 1952, and before being elected President, he served as vice president, membership chairman, and as first chairman of the new Political Participation Committee.

While he was chairman, the membership committee set an all-time record in both number and dollar-volume of sales. Under his leadership, the Political Participation program got off to a strong start last year, with more than 42,000 businessmen and women taking the Chamber's "Action Course in Practical Politics."

As Chamber President, Mr. Motley can be expected to place heavy emphasis on this program.

"Businessmen are beginning to wake up to the importance of political participation," he said recently. "But we still have far too many
(continued on page 104)



A persistent reader, Mr. Motley finds an item of interest to a friend, rips it out, mails it with a red crayon note signed "Red." He sends some 10,000 such brief letters every year

A schedule of more than 100 speeches a year results in 100,000 miles of travel and friends (whose names he remembers) everywhere. Mrs. Motley (facing camera, left) frequently accompanies him



HOW'S BUSINESS?

today's outlook

AGRICULTURE

The problem of excess farm capacity will persist at least five years, according to estimates by U. S. Department of Agriculture economists.

They indicate that the output of wheat, feed grains, and livestock will continue to exceed consumption, under these conditions:

1. That there will be no substantial change in farm prices and costs, per capita consumption, export levels, or farm programs (including 28 million acres in the Conservation Reserve).

2. That crop yields will continue to increase (assuming average weather).

Consumption needs could be met on 15 to 18 million fewer wheat and feed grain acres. However, if consumption of red meats follows the upward trend of the past 20 years, the excess acreage could drop to five or six million.

Under the conditions assumed surpluses and price troubles are inevitable.

This means that more realistic farm programs are imperative—programs that involve major changes in such conditions.

CONSTRUCTION

Home-building is on the threshold of major expansion. Rapidly rising incomes, speedy technological change and swift modernization of local codes all point to a breakthrough to unprecedented volumes.

Consumers anticipating greater

incomes will look more to purchases that will bring greater comfort and convenience. Pleasant and efficient homes will be basic needs—to which increased amounts of vacation housing will be added.

Technological change is keeping pace with the rise in income. More power tools and better methods are used at construction sites, and more components and larger assemblies are being turned out by factories.

Many companies are making the substantial research and development investments required for further progress.

Recent heavy housing demand has led to large-scale development of areas not governed by obsolete building codes.

To attract new residents and to hold old ones, incorporated areas must modernize their codes.

Home-building volume is expected to reach more than \$240 billion in the coming decade.

CREDIT & FINANCE

Despite substantial increases in operating earnings in 1959, the net profits of commercial banks fell 12 to 15 per cent below the 1958 level.

The American Bankers Association says this decline was caused by heavy losses in sales of government and other fixed-income securities, which dropped in market value as interest rates rose under tight credit conditions.

A more precise evaluation of 1959 earnings will be possible when the Federal Deposit Insurance Corpora-

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VIENNA, AUSTRIA • SEPT. 4-11
SALONIKA, GREECE • SEPT. 4-25
ZAGREB, YUGOSLAVIA • SEPT. 10-25
BERLIN, GERMANY • SEPT. 10-25
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tion releases its annual compilation of commercial bank earnings and profits later this year.

In the field of business finance, the Securities and Exchange Commission reports businessmen plan to spend \$37 billion on new plant equipment in 1960, compared with actual expenditures of \$32.5 billion in 1959—an increase of 14 per cent which would raise total outlays to the all-time peak of 1957.

DISTRIBUTION

Evidence gathers that booming sales cannot be taken for granted in 1960.

While trade this year will be better than last, businessmen are finding that it isn't coming in as easily as expected several months ago. For retailers, this has meant stepped up promotional activity and a closer look at prices.

Since January some important phases of business activity either have been losing ground or moving more sluggishly than expected.

Three things, though, will practically insure a good year. They are: 1, a continual climb in personal, after-tax income; 2, the healthy condition of consumer credit, with borrowing costs easing a little; and, 3, a favorable picture of consumer spending intentions, borne out by the most recent survey of the University of Michigan Survey Research Center.

So, with a price-conscious consumer having more of a say, more aggressive merchandising is needed.

Chamber of Commerce of the United States

FOREIGN TRADE

President Eisenhower has said, "Government promotion can be effective only to the extent that it stimulates and encourages private business efforts to expand sales abroad."

To give this encouragement Secretary of Commerce Frederick H. Mueller has established an Export Promotion Committee of national business leaders.

The new committee has been asked to organize an export drive by business, to enlist the support of business groups, to discover where better results can be obtained, to help businessmen newly entering the export field, to strengthen contacts with business groups abroad, and to develop an organization structure adequate to these purposes.

The government is increasing its information and counseling services for exporters and establishing a new system of governmental insurance covering the noncommercial risks traders face in selling their merchandise.

Some estimate that the program should eventually add 10 to 15 per cent to U. S. exports, now running at an annual rate of more than \$17 billion.

GOVERNMENT SPENDING

The defense appropriation bill will be reported in the House early this month and should lead to major discussion on the adequacy of the nation's defense.

It is probable that some shifting of funds within the President's request will take place, with more emphasis on Polaris submarines and certain missile programs. Some of the marginal missile activities will be washed out or curtailed. The problem of limited war will probably get more attention.

The foreign aid authorization bill seems destined for a substantial cut and the appropriation bill will likely be cut even deeper.

The net effect of action this month will probably be little over-all change in the President's appropriation requests.

LABOR

For some years, in both House and Senate, the committees which

handle labor law matters have been dominated by legislators who vote the labor line. Hence, organized labor is irked whenever another committee obtains even temporary jurisdiction over labor-management matters.

Labor knows that, except for the special work of the McClellan Committee, for instance, a Landrum-Griffin law could not have passed. Further labor law reforms are needed, including a law to deal with the tremendous concentrations and abuses of union monopoly power. Hence, when the Eighty-seventh Congress is organized in 1961, the make-up of the committees to handle labor legislation will be of vital interest.

Better balanced committees to deal with these problems would be a congressional reform greatly in the public interest.

NATURAL RESOURCES

Better information will soon be available on how much water American industry needs.

Two separate surveys will gather new data from industry itself. The Census Bureau will ask seven questions about industrial water use as part of its next Census of Manufactures. Survey forms will go to 10,000 firms representing 95 per cent or more of the total water use in the United States.

Directly related is a questionnaire prepared by the National Technical Task Committee on Industrial Wastes. This industry-sponsored group, advisory to the U. S. Public Health Service, will ask 30,000 or more business firms 12 detailed questions on industrial plant water supply and waste disposal. Data from the survey will be tabulated, and totals will be published. The two surveys are supplementary.

Engineers and industrialists realize that a few dollars now for reliable data will be amply returned later when millions must be invested in construction, operation, and research to meet industrial water needs.

TAXATION

A recent Supreme Court decision has broadened the area of interstate business responsibility in the field of state taxation.

Under the decision, the out-of-

state shipper is made responsible for collection or payment of a state use tax where final shipment is made direct to an in-state consumer even though the initial order is taken by an independent broker within the state.

This latest extension of state taxing power will add strongly to the growing pressure for federal legislation in this field.

Talk of withholding on dividend and interest payments is beginning to crystallize.

Senator Harry F. Byrd, Chairman of the Senate Finance Committee, has asked the Joint Committee on Internal Revenue Taxation and the Treasury to conduct a quick study of the problems involved. Completion of the study has been requested as quickly as possible in this session.

Although final action this year is doubtful, this study would seem to portend more serious consideration of the proposal by Congress within a short time.

TRANSPORTATION

The threatened discontinuance of rail commuter service in eastern metropolitan areas has increased demands for legislation which would make it more difficult for railroads to discontinue unprofitable passenger service.

However, with the July deadline for adjournment rapidly approaching, it becomes increasingly doubtful that Congress will enact such measures this year.

There is considerable opposition to any change in the law which would require the continuation of a service for which there is a continually diminishing demand. The total losses resulting from rail passenger service have been running from \$600 million to \$700 million a year, according to the Interstate Commerce Commission. Virtually all of these losses have to be made up through freight revenues, creating a serious burden on interstate freight shipments.

Although some solution is badly needed for the commuters, it is unreasonable to require individual railroads to underwrite this loss year after year. The study now being given this matter by the Senate Interstate and Foreign Commerce Committee may produce a better solution.

FUTURE OF THE WORLD

World spokesmen give their views on

Outlook for peace

Chances for arms cutback

How communist strategy will change

Coming world-wide economic growth

Democracy and communism will meet on new testing grounds during the next 10 years.

Armament limitation will not halt this struggle or ease its tensions.

This is the view of the world spokesmen whom NATION'S BUSINESS asked to forecast the course of world events.

These men agree that the underdeveloped nations hold the key to the future.

These nations are fighting to overcome mass poverty and to bring a better life to their people. Whether they choose freedom or regimentation will depend on which seems to offer quicker results. In the articles that follow, the spokesmen suggest some factors which may influence the choice.



HOW TO MEET FUTURE COMMUNIST CHALLENGE

BY PAUL-HENRI SPAAK

MR. SPAAK is Secretary General of the North Atlantic Treaty Organization and Chairman of the North Atlantic Council. Formerly Prime Minister of Belgium, he has held many high government posts, including Minister of Foreign Affairs. He has long been active in the political and economic affairs of Europe.

IMMEDIATELY after his trip to the United States, Mr. Khrushchev went to China to tell the leaders at Peiping of his talks at Camp David. Upon his return from the Far East he stopped at Novosibirsk. In a speech there, he clearly stated what the general policy of the Soviet Union and the communist bloc during the next few years is going to be:

"A remorseless fight in the field of politics, of economics, of social policy, of ideology."

Provided that we are vigilant and that, while awaiting a disarmament which now, perhaps, appears possible, we maintain the forces capable of deterring aggression, the threat of a hot war will fade.

But war, in the sense that Lenin—and today Khrushchev—gave it, continues.

The aim is the final and complete victory of communism.

As French philosopher Raymond Aron wrote recently, "Coexistence as the Soviets interpret it is the right of the West not to be killed provided it consents to die."

What opportunities do we have at hand to meet this challenge, to carry on this struggle?

On first sight, the communist world—although it has population and future prospects superior to those of the West—seems to have control of lesser industrial forces and smaller financial means. In addition, the total national revenue of the communist countries remains markedly inferior to that of the free nations.

But it is necessary to state that, although the communist bloc has less means at its disposal, all economic forces and activities are made to serve national policy. For one thing, recognizing the necessity of reducing the gap which separates them from the West, these countries are more and more concerned with the coordination of their economies.

Although the Council of Mutual

Economic Assistance—COMECON—has been in existence for more than 10 years in the East, it is only since 1954, and especially since the meeting in Moscow in 1958, that a common long-range program has been established which will bring a division of labor among the communist countries.

On the other hand, the free world, for the most part, practices a separation of national policy and economics. Except for government investments and certain limited approaches to planning, the actions of free world economic leaders are based on a concern with financial profit and not service of a national policy.

The competitive system—moderated by limitations set up by certain national legislatures and by divisions of the market sometimes made in a semiofficial manner by important industrial and financial groups—remains the pattern within our countries. It is the pattern externally, where all firms, both national and foreign, are in competition for the supply of materials, the purchase of agricultural products, the assignment of engineers, and the construction of dams or factories.

As a result, in our relations with the underdeveloped countries our purchases and sales remain based upon the play of supply and demand. Apart from assistance from government sources, our economic system demands first of all an accumulation of capital to permit these countries to raise themselves to a higher economic and social level.

However, this is a process which, in countries that are frequently not favored by nature, fails to follow the rhythm of ideological development.

I do not seek to contrast the merits of a free and a planned economy. I simply state that we are not faced solely with a doctrinal choice.

We also must seek means of avoiding losing the war imposed upon us.

For that reason it is first necessary to try to determine where the enemy is going to give us his hardest blows and how we can counter them victoriously.

The stake will be, above all, the underdeveloped countries of Asia, Africa, and, tomorrow, Latin America. Mr. Khrushchev's speech at New Delhi no longer permits us any doubt in this respect. It is primarily a question of the countries whose social and political structure is not of a nature to offer communism a resistance comparable to that of the economically and socially advanced countries of Western Europe and North America. In these countries nationalist feelings have often taken a turn unfavorable to the West and the Soviets have sought to draw advantage from this.

Finally, the elite of such countries is often impressed by the industrial and scientific progress made in the USSR, which was itself an underdeveloped country 40 years ago, and in China, under the communist system.

How, then, can the West best make a reply? I offer this formula: End economic disorder.

There are abundant examples of how we have frittered away our resources.

Take the example of atomic policy: We see the countries of Western Europe reinventing, one after the other, what the Americans have already discovered. The United States, because of the provisions of an outdated law, refuses its allies secrets which its enemies already know. Whether it is a question of peaceful or military use of atomic energy, billions of dollars are thus wasted along with the time and efforts of thousands of technicians, industrialists and workers. This is a dead loss for the free world.

In the military sphere, we have

not arrived at a method for sharing among the NATO countries the production of the principal items of armament, or for common research on pilot models of planes, engines, tanks, or submarines. We have not even succeeded in standardizing the organization of our divisions, the equipment of our troops, or the nomenclature of our materiel.

However, I am aware that a certain uneasiness is beginning to be felt by the most clear-sighted—and they are numerous—industrial and financial leaders of the free countries. Some isolated agreements, exact prototypes of what we should do and which we should therefore favor, are beginning to be made, such as that by the French company Sud-Aviation, which is building the Caravelle, a medium-range passenger plane, and the American Douglas firm, which is building the DC-8, a long-range plane.

In other circumstances, when the menace seemed more direct, some agreements for distribution of raw materials were made. Thus, during the war in Korea, an agency for raw materials in Washington assured the distribution of the materials most urgently needed by the industries then working for military or auxiliary needs. Is it not possible to renew and expand this policy?

In our relationships with underdeveloped countries, we must keep in mind that the first, and prefer-

able, aid to give them is establishment of commercial relationships on a stable and lasting basis. Long-term contracts would help reach this goal, assuring producers a fixed and certain income over several years, thus guaranteeing the economic and social stability of these states, as well as a return in taxes and duties which they need in order to participate in developmental investments. They would not, as a result, have the feeling that such efforts are dominated by foreigners.

I realize that this means a revolution in the actions of free world countries. I also know that it is easier to unite them against a threat of aggression, as we have done at NATO for 10 years in the military field, than to ask them to act jointly in the economic sphere, which remains the last refuge for the pride and illusions of nationalism.

However, it is in the economic field and, beyond that, in the field of social and ideological policy, that communism will relentlessly wage battle. Its first moves in Asia, Africa, and the Caribbean, illustrated by the trips of Mr. Khrushchev and Mr. Mikoyan, confirm this. If we do not take care, tomorrow the western world will be an isolated island in the midst of immense human masses controlled by communism.

This is why in each country men and women must recognize the need for a common answer to the com-

munist challenge and must at the same time understand that this is a question of national policy.

The problem is not one of bringing together experts, whose competence in the field is not questioned. Experts remain bound by the policies of their respective governments. It is these policies which must be changed and decisions to change can only be made by governments, with the support of public opinion.

In Europe the first attempt at reorganization is under way with the creation of the European Economic Community, comprising a Common Market, and with common action in the spheres of peaceful use of atomic energy (Euratom) and in the production of coal and steel (CECA).

But this effort is only one aspect of what must be done.

In addition to this union of six countries into an economic community, and without doubt, one day into a political one—a necessity of the modern world—it is also necessary that this community, the United States, Great Britain and the other countries of Europe unite, for there is a struggle, a conflict, and on the issue of this conflict depends the very existence of our civilization.

If the governments agree upon this political conception, I am convinced it will then be possible to find adequate technical solutions. **END**



COMING: WORLD ECONOMIC INTEGRATION

BY KONRAD ADENAUER

DR. ADENAUER is Chancellor of the Federal Republic of Germany. Trained in law, his public service dates from 1906 when he became town counselor in Cologne. He became the town's Lord Mayor in 1917 and held that post until the Nazis retired him from public office in 1933. After World War II he helped draft a new constitution, then became the new German Republic's first chief executive.

THE GREAT TENSIONS in the world are due to the clash of two fundamentally different systems of life.

On one side is a belief in the purposefulness of human life, in the worth and vindication of the personality, based on the principles of freedom, justice, and human dignity.

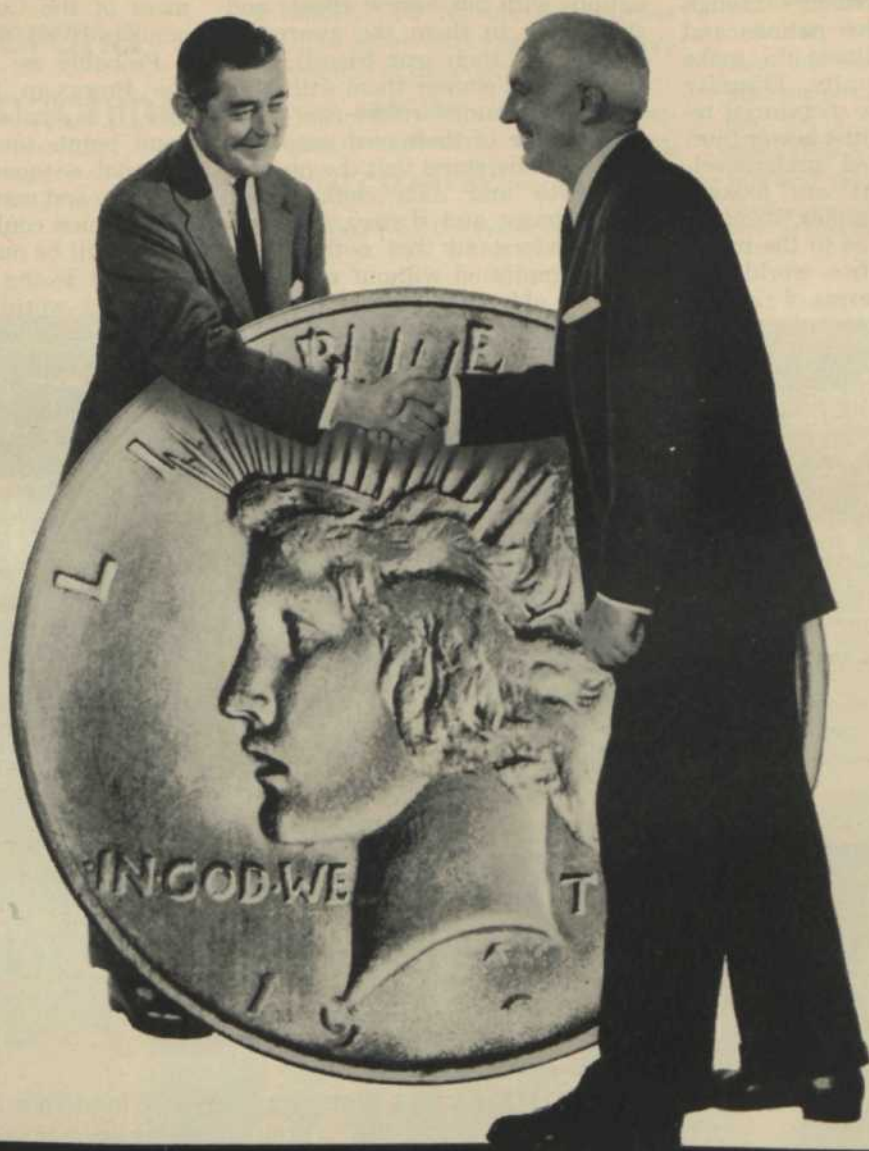
Opposed to this is the atheistic

philosophy which regards man as worthless in himself, merely a component of an economic order.

The contest between these divergent viewpoints, represented by large groupings of nations, is presently led by the two most important world powers. If this contest should result in war, it would bring about the destruction of both sides.

Therefore, the most urgent task in policy-making is to remove the dangers of war by far-reaching and controlled disarmament and to conduct this inescapable contest with peaceful means. I am convinced that justice and freedom will prevail as the stronger spiritual weapons and will lead the people of all nations to a life of greater security

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and prosperity, but only if the free peoples and their governments are vigilant and faithful to their principles, if they work together in closer harmony and subordinate their own particular national interests.

Peace can be assured only through the unity of the free nations and through their readiness to make sacrifices for this unity. Disunity would strengthen the dictatorial regimes of the communist power bloc. Among the so-called underdeveloped countries that are looking for trustworthy examples, disunity would create doubt as to the moral superiority of the free world and drive them into the arms of slavery.

As for the great economic problems which the world will have to solve in the years ahead, I must refer first of all to the necessity of helping those countries whose industrial development has not kept pace with ours.

The Federal Republic acknowledges this obligation and I believe that every country belonging to the family of old industrial nations ought to feel the same obligation. This means helping those in need and, at the same time, repelling the expansionist drives of the communist world, which is not interested

in extending aid but only in increasing its own power.

The important thing is that the western world gain the trust of the underdeveloped countries.

We must convince these young nations with our honest efforts and strengthen in them the awareness that we are their true friends, even if we do not shower them with gifts as the communist rulers can do at the expense of their own people.

If we understand that the peoples of Africa and Asia cannot wait much longer and if they, for their part, understand that nothing can be accomplished without effort, we shall be able to work together in a proper spirit of mutual trust.

Europe will not be equipped for this contest for the trust of these nations if it pursues its petty political and economic national interests. Europe must learn to think in terms of the entire world.

The road to European unity has been cleared politically and it will be enlarged by the Coal and Steel Community and by the European Economic Community. With such beginnings it is natural that here and there the advantages of economic progress must be attained at the cost of many difficulties. If the

success of the Common Market, which can certainly be expected, is added to the increasingly closer political ties between the six nations, then the individual hardships which may accompany the adjustment of the Common Market are comparatively slight.

Probably we shall not stop with the European Economic Community. It is obvious that this development points toward a larger international economic integration.

These and many other great problems, which could suddenly become acute, will be our concern for many years. It is the lot of mankind to live in a world of tensions. Thus modern technology, today and also for the future, shows us its dual character: the blessings which it can bring and the threatening dangers which are inherent in it.

If we wish to continue to enjoy the advantages of technological progress in a society of free men, then all of us must clearly understand that we cannot allow material things to be of the greatest worth to us, but that religious, intellectual, and cultural values are of far greater importance and that they also form the basis for progress in the true sense.

END



WIDE WORLD

COMMERCE: OUR BEST WEAPON

BY DAVID ORMSBY-GORE

MR. ORMSBY-GORE has been the United Kingdom's Minister of State for Foreign Affairs since 1957. Trained as a businessman, he was elected to Parliament in 1950. He has served Great Britain at the United Nations, led the British delegation at the resumption of nuclear talks in Geneva last year and is currently active in arms limitation talks.

FORTUNATELY for world peace and progress toward better living, Anglo-American cooperation is no new thing.

In 1941 the Atlantic Charter set out the common principles and aims of our two countries. In the dark years that followed, during which British and American troops fought side by side, our cooperation and the pooling of our resources were tremendously successful.

Since the war, the principles of the Atlantic Charter have been reaffirmed on a number of occasions, but it was not until 1957, after the

Bermuda meeting between President Eisenhower and Mr. Macmillan, that the principle of interdependence was formally expressed and followed up by a declaration of common purpose. This recognized that the concept of national self-sufficiency was out of date and stated that both governments should act on the principle that the countries of the free world were interdependent and that only by genuine partnership, combining their resources and sharing their tasks in many fields, could progress and safety be found.

Anglo-American interdependence

is therefore an established reality, tested in war and peace. Our two governments are in constant consultation on a wide variety of political, economic, and commercial problems. But we never lose sight of the fact that this cooperation must be related to our wider membership of international organizations. Not only are the United Kingdom and the United States interdependent, but we are both in turn dependent upon others.

It is difficult to separate the economic and political aspects of interdependence but, in so far as this is

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possible, it is with the former that I want to deal here.

No nation can develop its full potential wealth in isolation. Economic self-sufficiency is possible for large countries with plentiful natural resources, but it brings a wasteful and inefficient use of those resources.

The price to smaller and poorer countries may be bankruptcy or starvation.

In political terms it means bitterness and jealousy between nations. Yet, obvious though the dangers of self-sufficiency may be, the implications of interdependence are not always easily acceptable, because it may demand a readjustment of habits and an acceptance of substantial burdens by the wealthier nations in the interests of general prosperity. The history of economic relations between the United Kingdom and the United States and of our relations with the rest of the world shows, I believe, a growing readiness to make these adjustments and accept these burdens.

We are likely nowadays to forget that it was British capital which financed a significant part of the development of United States industry in the Nineteenth Century. This is past history, but already a generation is growing up which is less aware than its parents of that vast act of generosity whereby the United States enabled us in Western Europe to repair the devastation caused by the war and to achieve our present unprecedented degree of prosperity.

Some part of this prosperity must now be applied by us all to the task of helping those less fortunate than ourselves.

In implementing a policy of interdependence, account has to be taken of the existing economic and commercial fabric, and techniques must be varied to suit different conditions and different times.

The tremendous surge of development in the United States has been based on the free flow of men, goods and money across interstate boundaries. But, if the wealth of the United States testifies to the advantages of such a great area of free trade, the difficulties, for example, of the New England cotton mills in the face of southern competition have shown that it cannot be a painless process.

We in the Commonwealth have also built up a great trading area within which tariffs and other barriers have been reduced to the minimum although the economies concerned are as different as those of

the United Kingdom and Hong Kong.

Within this area, also, the free flow of goods has caused some hardships.

In Europe, international cooperation, based on the unparalleled generosity of the Marshall Plan and developed through the OEEC, has brought economic revival to the point where nations have found it profitable to form groupings among themselves.

The European Economic Community and the European Free Trade Association are both important steps in this direction.

I hope it will not be long before, basing ourselves on these two groupings, we can achieve the aim of wider arrangements in Europe providing for the removal of barriers to trade.

It is not enough, however, that the industrialized nations of Europe and North America should recognize their dependence upon each other.

We must not let the poorer half of the world stagnate in desperate poverty while the richer half grows richer.

Leaving aside the great moral issues involved, if we let this happen, not only will our exporting industries be deprived of vast potential markets, but our whole structure of international relations, both economic and political, will rest upon an insecure foundation.

Perhaps the greatest challenge we face today is that of demonstrating to the people of Asia and Africa our willingness to adapt our highly developed industrialized societies to cooperate with them in creating conditions in which the individual and society can develop to the fullest extent.

We cannot achieve this by the methods of economic integration which are being applied in Europe or which exist in North America. We have to build gradually. The foundation must be the maintenance of a sound economic structure in the West and the creation of an expanding market, based on the steadily increasing earnings of the less developed countries from the primary commodities and simple manufactures they produce.

The establishment of a single European market would be an invaluable step toward achieving this. Our own governmental policies on economic and fiscal matters must be such as will make for stable trading conditions. By intergovernmental cooperation through the International Monetary Fund, the General

Agreement on Tariffs and Trade and the various commodity study groups, we can do much to create this stability and with it the conditions in which the private trader and investor can play their proper parts.

But more than this is necessary. To increase the standard of living of the poorer countries and to try to solve their economic problems (which are being progressively worsened by the pressure of population growth) is a task which requires governmental help. The poorer countries must be assisted towards a greater degree of industrialization; at the same time outworn methods of agriculture must be superseded so that the fullest use is made of existing resources.

Nearly all the countries concerned are aware of this need and have prepared development plans. In some cases it can be argued that these are too ambitious or ill-balanced or lack sufficient determination to make use of self-help. But, even allowing for this, essential projects cannot be implemented without assistance from the more fortunate countries. It is here that finance from governments and international institutions will be needed.

Britain has a special responsibility toward the less developed countries of the Commonwealth, some of which urgently need development assistance. For this reason, the greater part of direct British contributions for development work takes the form of grants and loans to the colonial territories and loans to the independent countries of the Commonwealth, such as India.

Our contribution outside the Commonwealth is made mainly through international institutions. After the United States, we are the largest contributors to the International Bank for Reconstruction and Development and to its affiliate, the International Finance Corporation.

We also warmly support the creation of the International Development Association, to whose initial resources we shall again, after the United States, be the largest contributor. Its financing of projects which may not be considered bankable in a financial sense will provide a most useful additional source of development assistance.

The extent of economic assistance to the less developed countries in recent years has reflected the improvement in our own international financial position. We have been able to do more for countries both within and outside the Commonwealth. In the year 1957-58 total ex-



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penditure from United Kingdom government funds on economic and technical assistance to the underdeveloped territories amounted to approximately \$200 million. Now, two years later, it is running at roughly \$400 million a year. This includes both bilateral aid and that which is channeled through the United Nations and the International Bank. All this is, of course, on top of the great traditional flow of private capital from the United Kingdom to overseas development, amounting to approximately \$550 million net in a year, a good proportion of which goes to the underdeveloped countries. The combined flow of this public and private capital is limited by what the United Kingdom balance of payments can prudently afford at any given time, but we

stand ready to explore with the other countries of the West how we can cooperate in increasing our joint contribution.

What are we to think of the effort which the communist bloc is also beginning to make in this field? The Soviet Union, China and the satellites have recognized the importance of economic relations with the less developed countries. Communist bloc aid to nonbloc countries is still only between a fifth and a quarter of the annual western contribution, but the communist system of state trading and state finance facilitates superficially impressive offers, where it is thought politically desirable. We should not denigrate this aid. When the less developed countries need so much, development aid from any quarter

must be welcomed. But neither should we underestimate its political motives.

We in Great Britain are convinced that western economic methods offer the less developed countries incomparably better prospects for speedy and healthy development. But this is not a simple competition to see who is prepared to pay the highest price for the political support of the uncommitted.

If we in the West are to recognize the logic of interdependence, we must see our aid program as an essential part, but no more than a part, of a policy of economic and political cooperation, not only between ourselves but with less fortunate countries all over the world.

END



PIX

MAKE MASS POVERTY OBSOLETE

BY GEORGE HAKIM

DR. HAKIM served as chairman of a group of experts appointed by the United Nations to study measures for economic development of underdeveloped countries. Now Ambassador of Lebanon to the United Nations, he has held many government posts, including Minister of Foreign Affairs and National Economy. He is a former professor of economics at the American University of Beirut.

THE WORLD is entering an era of peaceful coexistence in which major war will become a practical impossibility. Nuclear war would mean total destruction of civilization. World leaders and statesmen would be less than sane if they did not make every effort to prevent it.

This nuclear stalemate constitutes the basic fact of our time. If negotiations among the great powers for general disarmament succeed, the balance of power will have to be maintained both during the process of controlled disarmament and at the end of it. Even if the United States and the Soviet Union destroy their nuclear weapons, they will always have the knowledge and the capacity of making them anew. With or without disarmament, neither will allow the other to gain the upper hand militarily and so win the struggle for power either by force or by intimidation.

The struggle for power will shift, therefore, from the military to the economic field. In this struggle three

groups of nations are involved: the western democratic nations, the eastern communist nations, and the underdeveloped or developing nations.

The first two groups will compete in increasing their national production and strengthening their economic power. Each will try to win the third group to its side. The underdeveloped nations, on the other hand, will be mainly occupied with their own struggle for economic development.

The course these countries follow and their policy toward both West and East will have a determining influence on the outcome of the world struggle for power.

Since the war, all Asia has become independent. In Africa, colonialism is dying fast. It will not be many years before all Africa will become independent.

As colonialism ends, the struggle of the underdeveloped countries for economic betterment will be intensified. With the attainment of na-

tional freedom, freedom from want becomes the main aim of these emergent nations. Their people want adequate food, clothing, shelter, medical services and educational facilities. They know that their centuries-old misery is no longer to be accepted as natural and inevitable. Science and industry have enabled other peoples to attain a high level of well being.

The nature and magnitude of the task facing the underdeveloped nations are not generally realized. For these nations the problem of economic development is to eliminate mass poverty within a reasonable time. This requires an enormous increase of national production. For this purpose, immense quantities of capital have to be invested, not only in material resources but also in human beings. The relatively small stock of capital in the underdeveloped countries needs to be substantially increased, and the low level of technology steadily raised.

(continued on page 60)

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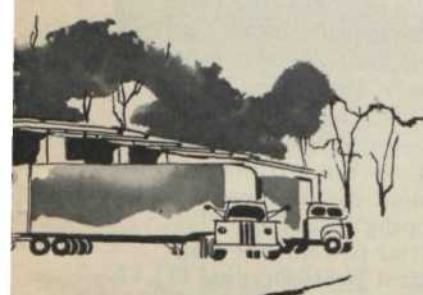


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All this requires a much more rapid rate of economic growth than the developing nations have been able to achieve during the past decade. In spite of their own efforts and economic aid from foreign sources, their per capita national income has been increasing, on the average, by not more than one and a half to two per cent annually. This rate should at least be doubled to give them any hope of eliminating mass poverty within a reasonable time.

During the coming decade these countries will be asking themselves whether they can achieve a sufficiently high rate of economic growth without basic changes in their present free economic system or whether such a growth rate will only be possible under a regimented socialist economic system. The answer will be determined, not only by the experience of the developing nations themselves, but also by the results of the competitive economic struggle between the democratic and communist nations.

Competition between East and West is taking three forms: 1, competition in economic growth; 2, competition in economic aid, and, 3, competition in trade.

The people of the developing countries are watching with great interest the economic development of the western democracies on the one hand and the Soviet Union and the eastern European nations on the other. They are also watching the vast economic experiment being carried out in China. They will evaluate the performance of the free enterprise capitalist system and the regimented socialist system and judge them with special reference to their own needs and objectives.

In the socialist countries a rapid rate of economic development is made possible by reducing consumption and increasing investment in capital goods. If the underdeveloped nations cannot obtain large amounts of capital by borrowing or by aid they may finally conclude that, to achieve the necessary growth, they must establish a socialist economic system capable of controlling economic resources and diverting them from the production of consumer goods to the production of capital goods.

The developing nations have been greatly impressed by Soviet success in transforming, within a relatively short time, a predominantly agricultural economy into a highly productive industrial economy. They also recognize the great industrial progress achieved in the United

States and Western Europe. But the Soviet experience is more relevant to their situation because they are starting from a low level of development and they lack the capital and technological resources which were available to the West.

Rapid progress in science and technology is also essential for growth. The developing nations will evaluate the achievements of both the capitalist and the socialist systems in this field to determine which is more likely to enable them to advance. They will ask themselves whether educational, technological and scientific advancement will be more rapid under a free system, managed and financed largely by private organizations, or under a state-financed and controlled system. Recent successes that have been won by Soviet science and technology have made a deep impression on the underdeveloped countries.

The experience of China will be of particular interest. The rapid growth which China may achieve in the coming decade and the success of its vast program of industrialization and modernization will have a profound effect on the people of Asia. They may find themselves forced to emulate the efforts of the Chinese to avoid falling under the domination of this powerful giant.

In addition to the competition between economic systems, the competition between the western and communist powers in giving economic aid to the developing nations will increase. Already Soviet financial and technical aid to certain key underdeveloped countries has reached important proportions. The economic growth of the communist world will make expansion of this aid possible. An examination of the projects which the Soviet Union is helping to carry out reveals an emphasis on industrialization and the basic requirements of industrial development. The purpose is not only to strengthen the economies of the developing nations but also to make them less dependent on the western industrial powers.

In the field of economic aid, the western industrial powers have great advantages if they want to use them. They have much greater capacity to give financial and technical assistance. Their economies can generate much greater quantities of capital which could be used to promote not only their own economic growth but also that of the underdeveloped countries.

In the field of technical assistance, the West has special advan-

tages arising from its traditional cultural relations with the developing nations. One is that the languages of the West are spoken by the educated classes of these nations.

In foreign trade, competition between the western and the communist powers is being accentuated. The Soviet Union and its allies are seeking to make the underdeveloped nations more independent of the West by providing new markets for their exports of primary products and alternative sources of supply for their imports of machinery and industrial equipment.

Underdeveloped nations have often suffered in the past and still suffer from the instability of prices for their primary commodities. Such instability has been particularly harmful to those countries whose foreign trade depends on exports of one or a few products. The growing industrial power of the communist nations will enable them to offer these countries alternative markets at more stable prices.

Through barter agreements the communists will also supply them with machinery and equipment for industrialization.

The patterns of international trade will gradually change. There will be more trade, not only between the communist nations and the developing nations, but also among the developing nations themselves. In addition to the markets of communist countries, the producers of primary commodities will find new markets in the more advanced developing countries. The western industrial powers will gradually lose control over supplies of raw materials and food products. Likewise, with the decline of colonialism, the markets of many former colonial territories will cease to be the private preserve of the West. All these developments will weaken the relative economic power and competitive trading position of the West.

The attitude of the underdeveloped nations toward the competitive struggle for economic power between East and West will not be primarily based on ideology. If they choose a regimented socialist system, they will do so because they are convinced that it is the only way to achieve rapid economic growth. They will understand that such a course means the limitation of the freedom of the individual. But freedom from want will have priority over individual freedom. For people who are hungry, civil liberties and democratic freedoms have no mean-

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ing. If the underdeveloped nations cannot conquer poverty by democratic means and with the help of the western world, they will be forced to do it by regimentation and dictatorship.

Many developing nations are uncommitted politically between East and West. The neutralist nations of Asia and Africa should also be considered as uncommitted economically and ideologically. In fact, all the developing nations, even those allied to the West, should be considered as potentially uncommitted in economics and ideology. They will eventually follow whatever economic policy and ideology promises to be most conducive to their rapid development.

The outcome of the economic struggle for world power will depend not only on the competition between the western and communist powers, but also on the course of de-

velopment of the underdeveloped nations.

These nations constitute more than two thirds of the world's population. They have vast natural resources and supply a great part of the world's raw materials and food products. Their development will provide expanding markets for manufactured goods. Their share of world trade will grow and their position in the world economy will steadily increase in importance.

Their prospects for success under a system of economic freedom are not very bright. Already many of them are forced to resort to extensive economic controls and restrictions. These may lead to some forms of mixed economy, midway between free enterprise and socialism. The movement of the developing nations away from free enterprise will in itself weaken the economic position of the West.

If other Asian nations follow the Chinese example, the pull to communism in Asia is likely to become irresistible. In other continents also, revolutionary changes in the economic system may take place. The movement toward communism or other forms of socialism will finally tip the scales against the western free enterprise system. This movement cannot be stopped unless the West contributes to the extent of its ability to the great cooperative effort for raising living standards throughout the world.

During the coming decade, the developing nations will make the basic choices required by the necessities of their economic development. Under conditions of peaceful coexistence, these choices will have a decisive effect on the economic struggle for world power and the fate of mankind in the years to come. **END**



BLACK STAR

WHERE FUTURE TENSION WILL CENTER

BY CHIANG KAI-SHEK

CHIANG KAI-SHEK was recently re-elected President of the Republic of China. He took part in his first revolution in 1911, later led the Northern Expedition which resulted in unification of China in 1928. In that year he was elected President of the National Government and in the years that followed he served in a variety of government and military posts.

THE CENTERS of future world tension will be the Far East, Africa, and Central and South America. Within 25 years the situation in these regions will determine the destiny of the world's democracies.

As a result of the invention of nuclear and long-range weapons, no one in his right mind wants to see a global war. The Soviet bloc does not dare to initiate such a war. The danger of local wars of aggression, however, will continue.

Since Soviet Russia is afraid of nuclear war, the pressure she will exert on Europe will be limited. She does not dare nor wish to touch off a global war over any European problems. They will remain among the major cold war issues, however.

Russia's principal design today is to exploit the war-mongering nature of the Chinese communists in starting local wars of aggression in Asia for the purpose of breaking through

the anticommunist line of defense.

Furthermore, Russia is using the international communists to effect a big flanking movement by carrying out infiltration and subversion in Africa and Central and South America in an attempt to deal a fatal blow against Western Europe and North America from the side and rear.

The world's greatest economic problem in the next quarter century will be how to tap the economic resources of the underdeveloped countries in Asia.

These countries must be developed for two purposes: to raise the standard of living of their people, and to save them from the threat of communist subversion.

If the industrially advanced nations can supply the underdeveloped countries with capital and technical aid and unconditionally help them in their economic recon-

struction, thus improving the general well-being of their people, these countries will eventually be able to attain political stability and play their part in the free world's anti-communist camp. Russia and the international communists will be denied a chance to perpetrate their sinister schemes.

To carry out these schemes, the communists will use such indirect stratagems as political aggression, with which they can turn their enemy's material and moral strength into weakness and turn their own material and moral weakness into strength.

To them, peace is only another form of war.

But in dealing with the democracies, they resort to such slogans as "peaceful coexistence" and "peaceful competition," and use diplomatic, economic, and psychological tactics to destroy the unity

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and will of the free countries to resist aggression.

If the democracies fail to understand the real nature of peaceful coexistence as advocated by the communists and are misled into believing that world tension is now receding, the danger of war will increase.

If the free nations let down in their armament, allow their anti-communist will to falter and allow their collective security organizations to disintegrate, the aggressors

will be free to defeat them one at a time and so realize their objective of world domination.

One of the communists' methods of aggression is to manufacture issues everywhere and refuse to accept any settlement. The means that are used include armed threats and even local wars, or a political offensive and peace talks.

The lessening of world tension, therefore, hinges on whether the free nations have the necessary strength and determination to deter

communist expansion. The communists judge everything in terms of strength. They have no use for reasoning.

The only way to deal with them is through force.

Today what the free world can depend on to avert the danger of war is not the aggressor's professed desire for peace, but the strength represented by its own collective security organizations and the common determination of its members to resist aggression. **END**



WHEN DANGER OF WAR WILL END

BY JOSEPH M. A. H. LUNS

DR. LUNS is Netherlands Minister for Foreign Affairs and 1958-59 President of the North Atlantic Treaty Organization. He studied law at the universities of Leyden and Amsterdam and political and economic science at the London School of Economics and the University of Berlin. He has served in Parliament and handled many diplomatic assignments.

MAN'S CURIOSITY about the future is tempered by his fear of the unknown. People, as a rule, do not want to have today's joys spoiled by worrying about tomorrow, but they can never succeed completely in freeing themselves from this worry.

Governments, on the other hand, cannot be content to make incidental decisions and not to bother about the direction they are drifting. Governments must regularly determine their position in an ever changing world and try to foresee future developments on the basis of today's conditions.

Among the factors that will help shape the future and which governments must consider are: the further progress of science and technology, the unequal rate of development in different parts of the world, the rapid growth of population, the accelerated emancipation of Africa, the explosive situation in the Middle East, the emergence of China as a major power and, above all, the continuing and fundamental controversy between the communist bloc and the free world.

Each of these raises many-sided problems.

The age of science has, fortunately, opened up possibilities of fore-

seeing the future and meeting its challenges. The influence of science on government policy has already made itself felt. I have in mind the practice of laying down long-term policy in concrete multi-year plans. The results the Soviet Union has achieved by this method are common knowledge.

The rapid evolution of the sciences, in combination with long-term planning, has provided humanity with growing possibilities to influence the future. It allows for vast projects to be carried out in practically every field: industry, agriculture, road-building, housing, education, medical care.

The primary aim of such planning is to ensure the efficient execution of long-term policy. Indirectly, however, the knowledge of the results which can be reasonably expected from long-term plans also helps us to improve our insight as to the future as a whole.

Events of the next 25 years will depend on how well we use this kind of planning in meeting the problems that beset us now and which must be solved before we can hope for a real and lasting peace.

I do not believe that the danger of war disappears because of the availability of highly destructive

weapons. The danger of war remains as long as nations are forced into positions where they have no choice but to remain armed and prepared to use their arms.

I believe that the banning of war will come only when the ideological struggle has ended and the interests of the world's nations will have become intertwined to such a degree that—for all practical purposes—no basic differences are left.

Nobody can predict when this time will come.

In any case, this cannot be expected as long as the world is threatened by expansionist communism.

Let us hope, however, that we will not have to wait another 25 years for lasting peace and for the establishment of an international police force, charged with the responsibility of ensuring peace and justice. With the creation of such an international organization, total disarmament would become possible.

As long as this long-term ideal of total world disarmament has not been attained, every effort should be made to reach, as a first step, a less ambitious, partial disarmament agreement, by which the dangers of war will at least be reduced. **END**

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LABOR LEADERS SEEK MORE INFLUENCE

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UNIONS are doubling their efforts to get greater acceptance of their objectives and the methods used to reach them.

To the extent that they succeed, their influence in government and economic decisions will grow while that of business groups diminishes.

Underlying the expanding drive to create a more favorable public image of unions and their leaders are a conviction and a warning.

Unionists are convinced that, despite claims to the contrary and despite their economic power, they really wield little influence in politics. As one example, they cite passage of the Landrum-Griffin labor reform law in spite of 12 years of union campaigning for softer legislation through revision—if not repeal—of the Taft-Hartley Act.

Further evidence comes from a pilot study of union influence in a local community by Dr. William H. Form, associate director of Michigan State University's Labor and Industrial Relations Center.

In industrial Lansing, Mich., Dr. Form found that, although unions have made some small but significant gains, their influence is still heavily outweighed by that of business and professional groups. Additional studies will be made in seven other Michigan cities. Similar studies will be made to determine business influence in a community.

The warning union leaders see is that labor's political influence, whatever it is, will diminish as social change forces a shift in the political power balance. (See page 35.)

The new emphasis on making unions and union leaders attractive has several closely related goals that affect business:

- To erase the shadows which recent exposures of corruption in some unions cast on the entire labor movement.

- To put unions in a stronger position to organize the growing number of white-collar workers, which is becoming increasingly necessary

if unions are to grow with the economy.

- To get wider public backing of union demands and strikes.

- To make labor's political machine more effective in getting persons sympathetic to labor's legislative and economic objectives elected and appointed to public office. (See page 77.)

The basic idea underlying the new drive is to persuade more people that unions are trying to protect the public interest, that they are trying to help all groups—including private business—and are not promoting selfish interests.

AFL-CIO President George Meany, for instance, contends that labor's legislative program "is not, strictly speaking, a labor program."

"It is designed," he says, "to benefit all Americans, private industry as well as labor, the farmers along with factory workers, non-union employees together with union members."

"This is in keeping with the best traditions of the trade union movement in the legislative field. We have never taken a narrow, selfish point of view."

"From its very inception, the trade union movement has always fought for the general welfare. We are doing so today."

Walter P. Reuther, president of the United Automobile Workers and chairman of the AFL-CIO's economic policy committee, accuses labor's opposition of confusing the public. He points up the importance of the coming elections.

"Nineteen-sixty is a year of decision," he told a legislative conference of union leaders, "and what you and I are able to do in the legislative field will have a decisive impact upon the image that we will

More use of radio and TV is being made by unions. Guy Nunn of UAW interviews actress Lauren Bacall



be associated with in the November election.

"The leadership that the American people select in November may determine the future freedom and values that we cherish.

"The American labor movement historically has always stood with the angels," Mr. Reuther boasted. "We have always been on the right side of every major issue in the struggle to make progress for the people of America.

"The tragedy is that we have never done an effective job of making people understand that; and the forces who stand in opposition to us, who try to block each forward step, have unlimited financial resources and somehow they are always able to distort the image with which we are associated. . . . We've got to get (a clearer picture of the image) to the people at the neighborhood level."

AFL-CIO Secretary-Treasurer William F. Schnitzler told a rally of Puerto Ricans in New York City: "The labor movement is more determined than ever before to end the last remaining pockets of exploitation of human beings."

Typical of how union leaders sanctify their objectives while attacking those of business and other groups is this statement by David J. McDonald, president of the United Steelworkers:

"Our approach to political action is not a selfish one. It is not in any sense geared to the thought of helping our membership at the expense of any other group.

"Instead, its aim is to help bring about the election of those people who earnestly desire a more abundant economy for all Americans and the rest of the world.

"We fully realize that no particular group can long prosper at the

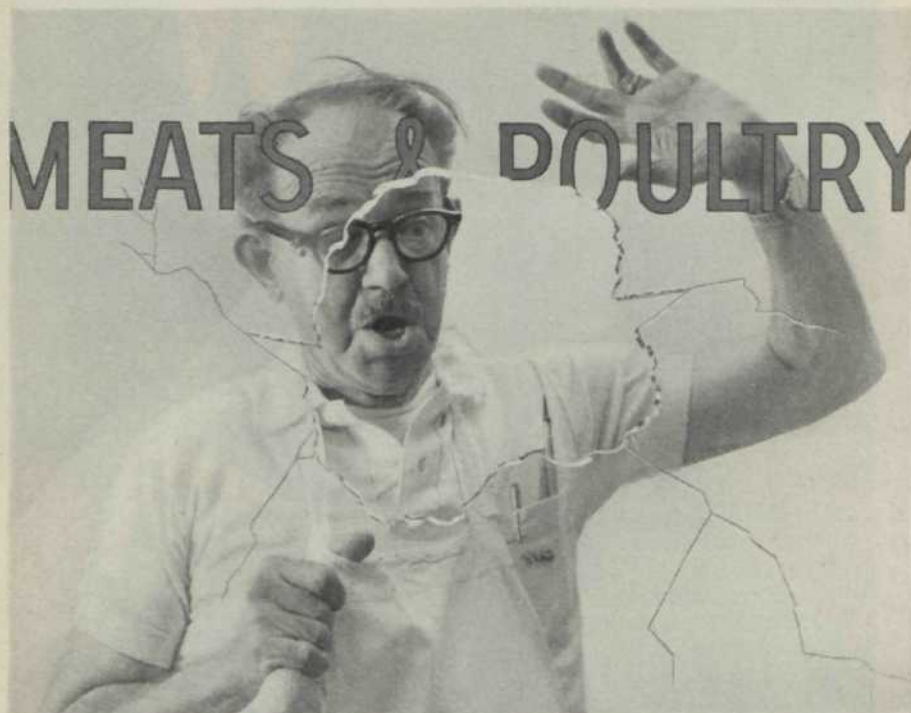


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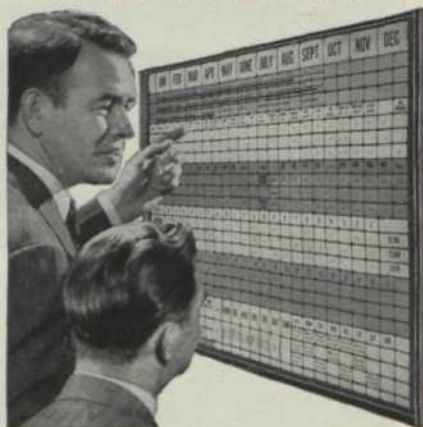
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expense of others. We must all prosper together or we suffer together.

"Unfortunately, many other organizations throughout America do not have this same philosophy. They work untiringly toward gaining ever-increasing profits and advantage over their fellow man. They do this through economic pressure and political action.

"We have two choices: We either submit meekly to this selfish concept of life, or we accept the challenge and unite ourselves with all other groups striving for a better world for all."

In trying to convey the idea that they are working for the betterment of mankind in all aspects of life, unions get into problems not directly related to wages, hours and working conditions.

They fight hard on such issues as civil rights, public housing, school aid, tax and fiscal policies. Mr. Meany inveighs against communism, demands United Nations action in racial disorders in South Africa. The Meat Cutters Union fights changes in meat inspection regulations which it says will hurt consumers.

AFL-CIO spending for public relations keeps rising. About \$750,000 was spent four years ago during the first full fiscal year after merger of the rival AFL and CIO. Last year's expenditure reached almost \$1.2 million. It will be higher this year.

The public relations budget does not include expenditures for publications, which run about \$600,000 a year.

Former newspapermen run both departments. Albert J. Zack is director of public relations and Saul Miller director of publications.

New or expanded union efforts aimed at increasing public acceptance include radio and television programs, a speakers' bureau, advertising, college scholarships, trips for essay contest winners.

The public relations and advertising effort has become so big as to require the services of public relations and advertising agencies outside the union movement. Two former newspapermen, who headed up public relations separately for the AFL and the CIO before the merger, have opened their own offices.

Philip Pearl has set up the Pearl Agency, which acts as public relations consultant to building trades and other unions.

Henry C. Fleisher has formed a

TO THE BUSINESSMAN CONTEMPLATING 2-WAY RADIO FOR 1960



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2. MAKE SURE THE EQUIPMENT YOU GET MATCHES YOUR JOB.

Each component of your system should be chosen because it is the most efficient for the specific job it has to do. Only a complete line can assure you of the model that exactly meets your needs.

When you choose Motorola, the components of your system will be carefully selected from the most complete line of communications equipment available . . . equipment that has been proved on the job in thousands of installations for every conceivable type of vehicle.

3. GET THE MOST RELIABLE EQUIPMENT FOR LONG-RUN ECONOMY.

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5. WRITE MOTOROLA, FOR MOTOROLA IS SPECIFIED MORE OFTEN THAN ALL OTHER MAKES COMBINED.

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LABOR INFLUENCE

continued

partnership with Robert S. Maurer, who formerly handled the CIO account for another agency. Their firm—Maurer, Schuebel & Fleisher—handles both advertising and public relations, and has business as well as union clients.

Five regular union clients are the United Automobile Workers, International Union of Electrical Workers, Communications Workers, Packinghouse Workers and the new Bakery Workers, successor in the AFL-CIO to the expelled Bakery & Confectionery Workers.

Mr. Fleisher's agency recently took in a political expert, Henry Zon, former research director of the

AFL-CIO Committee on Political Education and, before that, public relations director of the CIO Political Action Committee. He handles accounts having a political aspect, such as the advertising for Sen. Hubert H. Humphrey's presidential campaign.

For the Communications Workers, which started contract bargaining last month with several telephone companies, Mr. Fleisher's office placed advertisements in newspapers to win public support and filmed a 15-minute speech by the union president, Joseph Beirne, for use on television.

The theme of both was that the union was a responsible organization acting in the public interest and its bargaining demands were reasonable.

Other parts of the public relations program include:

Speakers bureau

Through this Bureau, the AFL-CIO provides union speakers without cost to high schools, colleges, churches, service clubs, fraternal societies and other groups.

Speakers include 28 retired or semiretired union organizers who address a total of about 60 local groups a week near their homes, and officials of international unions who are assigned primarily to speak on college and university campuses.

The latter made 445 appearances across the country last year. The pattern is for the union official to spend the entire day on the campus. He addresses a general convocation of the student body, answers questions in classrooms, lunches with one group, which might include professors, and has dinner with another.

Bureau director is Tilford E. Dudley, who also is vice chairman of the District of Columbia Committee for Humphrey for President.

Special mailings

To reach more opinion makers, the AFL-CIO started special mailings to influential persons interested in particular subjects. Last year, 1,600 persons were getting special mailings. In addition, 16 mailings were made for various AFL-CIO departments which put special material on labor's policies in the hands of 25,000 persons. The material is also sent to public and university libraries.

Labor book shelf

Some unions are giving libraries books they would like the public to read.

The United Automobile Workers have organized a program to get a UAW Labor Book Shelf in every school library. Local unions are asked to pay the \$11.75 cost of the set of five books. More than 1,800 sets have been placed.

The books are:

"The Union Cause," by Katherine B. Shippen, a professional writer.

"Labor on the March," by the late Edward Levinson, who was the UAW's first public relations director.

"The Practice of Unionism," by Jack Barbash, a professor of labor education at the University of Wisconsin and former union research director.

"As Unions Mature," by Richard A. Lester, professor of economics at Princeton University.

"Labor in America—The American (continued on page 75)

Watch for...

Improve your leadership skill

Working with groups requires special abilities to get best results. An expert outlines six principles you should follow

Pressures for future inflation

Threat will ease in next decade, but remain a national problem fed by politics, new boosts in wages and other costs

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Federal law limits business activities in support of political candidates. A top Justice Department official discusses these rules

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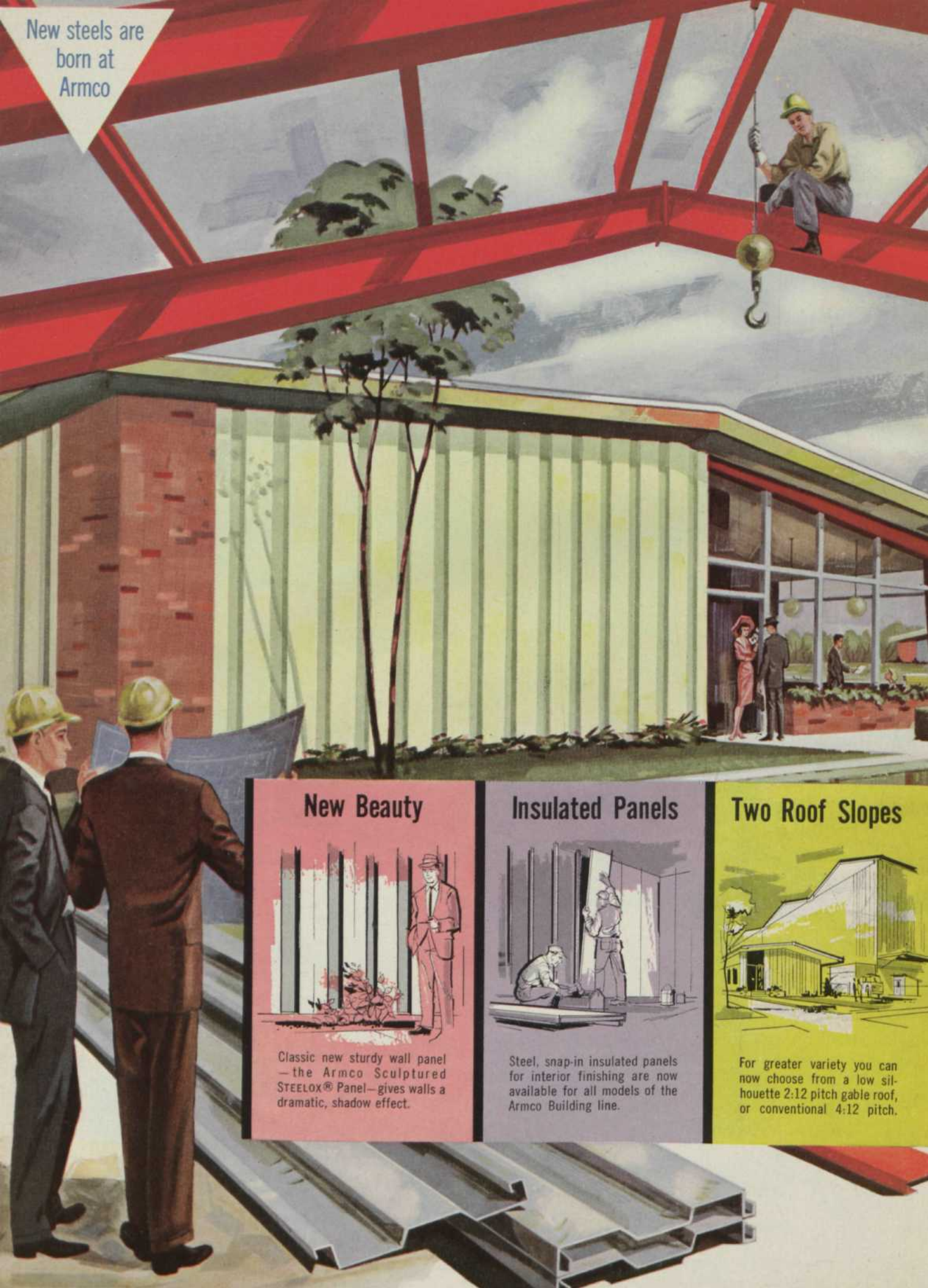
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Steel, snap-in insulated panels for interior finishing are now available for all models of the Armco Building line.

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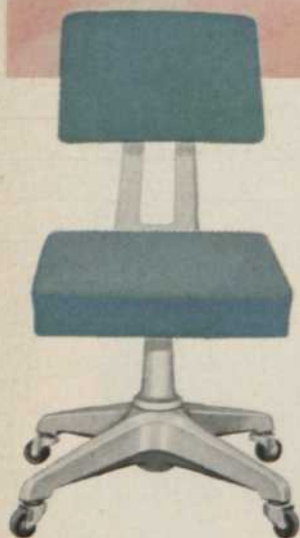
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LABOR INFLUENCE

continued

can Way." by Harold U. Faulkner, historian and college history professor, and Mark Starr, education director of the International Ladies' Garment Workers' Union.

Radio

The AFL-CIO spends about \$10,000 a week on radio. It sponsors two news programs five nights a week on the ABC network. The newscasters, Edward P. Morgan and John W. Vandercook, are network employees. Much of their material is later condensed and published in union newspapers.

Spot newscasts are sponsored on summer week ends to reach the public riding in automobiles or basking on beaches.

When Congress is in session, the AFL-CIO supplies radio stations with a recorded interview, "Washington Reports to the People," covering a major issue. Participants are a Democrat and Republican. Last year 260 stations carried the weekly program without charge as a public service.

Also as a public service, the ABC network carries a weekly 15-minute program, "As We See It," in which a labor spokesman presents AFL-CIO views. This is part of a half hour's time in which the other half is used by the National Association of Manufacturers, presenting business views.

The UAW produces a half-hour program, "Eye-Opener," which is carried—at times when workers are going to or from work—five days a week by more than 20 stations in areas with large UAW memberships. It is claimed that a check of automobile radios in the parking lot of a UAW-organized plant one morning showed 87 per cent of them with the dial set on the station carrying the UAW broadcast.

Television

The AFL-CIO produces a 15-minute film series, "Americans at Work," which shows how union members work in a particular trade or industry. The industry usually cooperates in the filming.

The series is shown as a public service, usually on Sunday mornings, by 130 TV stations. Some stations carry it back-to-back with "Industry on Parade," filling a half hour hole at an off hour.

The AFL-CIO also supplies film clips of labor news events to TV stations for use in news broadcasts.

The UAW has a 10-minute nightly TV program in Detroit, following the regular late news broadcasts, in which Guy Nunn interviews celebrities or news personalities and comments on the news. Mr. Nunn, a former Rhodes Scholar, is a member of the UAW staff.

Scholarships

Labor organizations spend about \$500,000 a year for about 300 college scholarships, and the number is growing. Some, but not all, are restricted to union members' families, and some are for specific purposes, such as to study teaching or journalism.

Scholarships are given by local unions, local central bodies, state central bodies, international unions and by the AFL-CIO itself. The AFL-CIO awards six scholarships a year on a competitive basis. Three go to children of union members and three to children of nonunion families. Each scholarship is worth \$6,000—\$1,500 a year for four years.

Essay contest

For the first time this year, the AFL-CIO organizations in 44 states awarded a trip to Washington for their state's winner of the annual high school essay contest sponsored by the President's Committee on Employment of the Physically Handicapped. The purpose of the trip was to attend the Committee's annual meeting.

Seminars for professors

Last year the AFL-CIO began a series of seminars for college professors in economics "to further understanding of AFL-CIO programs in economics and closely related fields." One was held in Atlantic City and another at Cornell University, about 40 professors attending each seminar. A third was held in French Lick, Ind., last month.

The seminars run for three and a half days. A single subject is discussed at each three-hour session, which is led by an AFL-CIO official who is expert in the particular field. The AFL-CIO Economics Department pays the expenses of the professors who attend. **END**

REPRINTS of "Labor Leaders Seek More Influence" may be obtained for 10 cents a copy or \$7.00 per 100 postpaid from Nation's Business, 1615 H St., N.W., Washington 6, D.C. Reprints of "Unions Push Biggest Election Campaign" (p.77) may be obtained for 10 cents a copy or \$7.00 per 100 postpaid. Please enclose remittance.

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UNIONS PUSH BIGGEST ELECTION CAMPAIGN

UNIONS ARE BUILDING MOMENTUM for the biggest political drive in their history.

Money, workers and effort are being poured into the 1960 campaign to elect labor friends at all levels of government, from City Hall to the White House.

AFL-CIO President George Meany warns: "We have not changed the complexion of Congress enough . . . we'll do better in 1960."

Teamster boss James R. Hoffa vows to oppose every member of Congress who voted for the Landrum-Griffin labor reform law.

Labor's political machinery is not one organization, but many. Two years ago 32 different union political units reported raising or spending political funds in two or more states. Not included were an unknown number of local and state groups.

Union spending is bound to exceed the \$1,828,700 reported to the Clerk of the House in 1958, when the 32 union political groups outspent the Democratic Party. The presidency was not at stake then.

Labor's political organizations actually spend on politics many times more than they report. They have to report only what they spend from outside funds for direct political contributions in federal elections. Neither unions nor corporations may dip into their treasuries for such expenditures, but may for so-called political education and, in some states, for funds to back local and state candidates. These expenditures need not be reported.

Two cases pending in the courts could seriously hamper labor's political fund-raising and spending.

In one, the U. S. Supreme Court will decide whether a worker's constitutional rights are violated when he is forced to join a union and pay dues, part of which are used to support political doctrines and candidates he may oppose.

In the other, the government charges that funds taken from a union treasury cannot be considered voluntarily contributed even though union members voluntarily authorize their use for political purposes.

To see what unions are planning, turn page . . .

Political Organization

Committee on Political Education

Who is represented

COPE is the political arm of the AFL-CIO, which is a federation of 134 national and international unions with 13.5 million members. It functions through 50 state and more than 400 local COPE units. It coordinates the political activity of affiliated unions.

Railway Labor's Political League

This League is set up to speak for the 850,000 workers represented by the 22 national railroad brotherhoods. Top officials of each participating union sit on the governing board. The League has no staff. It operates out of Washington through the brotherhoods.

Machinists Non-Partisan Political League

One million members of the International Association of Machinists are represented by this organization. The IAM's 2,200 local unions are urged to form local leagues. About 800 have done so. Local groups have affiliated in state leagues in five states.

UAW Citizenship Councils

Councils comprise the political machinery of Walter Reuther's United Automobile Workers. Delegates from Citizenship Committees (formerly Political Action Committees) of 1,100 locals make up councils, function in 50 areas for one million UAW members.

Teamsters' DRIVE

DRIVE is the name of the new political operation in the country's largest union—the 1.6 million-member Teamsters Union, headed by James R. Hoffa. It stands for Democratic Republican Independent Voters Education, works through union's 48 Joint Councils.

USW Political Action Committee

PAC is the political machine with which David J. McDonald's United Steelworkers, with one million members, tries to elect friends and defeat enemies. A national director in Pittsburgh runs it through political directors in each of the union's 29 districts.

Active Ballot Club

An ABC is attached to each of 500 local unions of the Retail Clerks International Association as an outlet for political activity for the 375,000 union members. Membership is \$1. Clubs meet after each union meeting. Delegates make up city and state councils.

Labor's Non-Partisan League

This was the first of the present-day union political organizations. It was set up in 1936 by John L. Lewis, then CIO president, to help re-elect President Roosevelt. It has since remained in Mr. Lewis's United Mine Workers to speak for 600,000 union miners.

Program and plans for '60

Train, register workers; rate members of Congress, distribute their voting records; raise funds; screen, endorse, give money to favored local, state and national candidates; get the vote out for them on election day.

Will support and raise funds for favored candidates for Senate and House, stay out of local and state races. Will use most of funds—about \$100,000—as cash donations so candidates can put money to best use.

Engage in complete program of education, training workers in political action; raise and spend own funds in support of favored national candidates. Coordinating its activities with other labor political groups.

Primary function is to stimulate political activity of all kinds among members, meet every other year in national conference. Cooperate with COPE in raising funds and helping favored candidates get elected.

Main goal is to seek defeat of senators and representatives who voted for Labor Reform Law last year. Key targets: About 50 who were last elected by small margin. New political unit also will do Teamsters' lobbying.

Local PAC's will raise money, get members registered and to polls to vote "right." Will conduct 40 workshops on college campuses, make own contributions to candidates from funds withheld from collections for COPE.

ABC's engage in usual political activities, except no endorsements of or contributions to candidates. Where employers cooperate, clerks conduct drives in stores to get customers registered so they can vote.

Back in 1936, LNPL gave \$500,000 to help FDR get re-elected. Today it does little more than lobby on mining and labor legislation, endorses candidates in mining districts. No more political contributions.

Political director



James L. McDevitt, COPE director, is a practical politician who learned his lessons while president of Pennsylvania AFL and its lobbyist. He's spry 61, from Plasterers Union.



Cyrus T. Anderson, League secretary-treasurer, is college graduate, former oil worker active in Illinois politics, former secretary to member of House, with League from start, 1948.



John O'Brien managed Senator Kefauver's campaign for '52 presidential nomination, was with Democratic National Committee before becoming coordinator of IAM League.



Roy L. Reuther, codirector with older brother, Walter, of Citizenship Department, has worked in UAW since its beginning in 1936, was a leader in early sit-down strikes.



Sidney Zagri, director of DRIVE, led Teamster fight on Capitol Hill to kill labor reform bill. Before that, he ran political activity in St. Louis which led to recent indictments.



John Mullen served as mayor of Clairton, Pa., where he worked in steel mill before becoming USW's political director. He was among steel union's early leaders.



Charles B. Lipsen worked in Congress before becoming ABC director. On staff of Senator Kefauver's Antimonopoly Subcommittee, he was in midst of Dixon-Yates fight.



Robert E. Howe, LNPL director, formerly mined coal in southern Illinois. He has handled legislative matters for the mine union since moving to Washington in 1941.

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capable of this. Some overly identify with their boss or organization, or both. In some instances, the subordinate sees the boss and organization as identical or close to each other, and himself as distant from them, if not incompatible with them. The executive with this complex holds an inner and often silent reserve of fear or distrust for the boss and feels excluded from the protective advantages of his organization. In short, he feels inadequate and unprotected.

This is his inner response. Outwardly he may behave in a manner that is entirely different, if not contradictory. For example, in one case the executive was aggressive in his desire to serve the boss and to live up to his simplest expectation. We may see him better by referring to a valet-type subordinate. His condition may be described as power overinvestment, which means overly tapping psychological reserves to cope with an intense need to deal effectively with power figures, especially the boss.

In another case the executive felt he was encompassed by his organization. The behavior he displayed, however, was overly aggressive in support of the many rules each individual was expected to follow. He became known as a devout adherent to the goals of the enterprise. We may call him the corporate protector. His condition can be described as organizational overinvestment, which means overly expending emotional resources in fitting into the established organizational pattern.

The executive who suffers from organizational overinvestment seeks a highly structured or bureaucratic life and works at refining and perfecting organizational functions and relationships.

In both cases—complete submission to the boss on the one hand and total obedience to the organization on the other—the behavior is caused by feelings of threat and insecurity. It is important to realize that human beings who feel inadequate will often attempt to overcome these feelings by submitting to the objects that appear to threaten them and make them feel insecure. In this way they render them less threatening. But more important, by submitting to them they have a kind of control or power over them.

This condition may be illustrated

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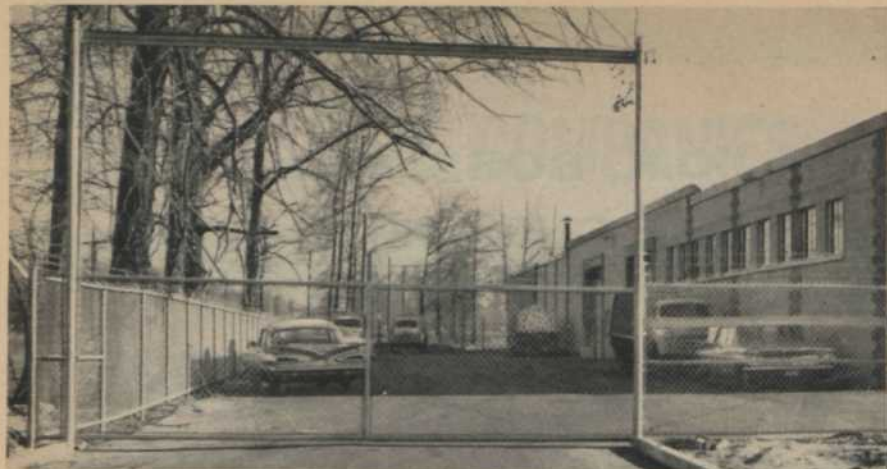
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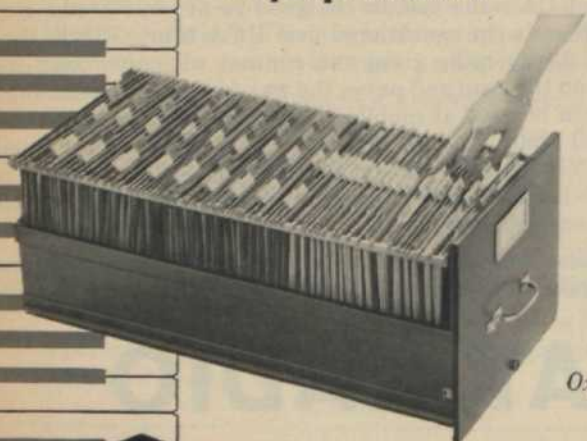
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BUSINESS PRESSURE

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by the valet who makes himself so indispensable that the master cannot arise mornings without his help. However, this sort of domination springs from inner weakness rather than inner strength. The executive is not able to cause his boss or organization to take account of him as a source of authority and power in his own right.

The problem may be manifested in a second major way. Rather than submit, some executives display hostility toward the parental figures. This is found in the case of the subordinate who sees his boss and organization as combining to exclude him from the advantages they might afford him. They will not allow him to supersede them, or at least exert heavy claims on them. He openly resents, then, the demands that teamwork, group decision-making, and corporate piety place upon him. Likewise, he resents the expectations that his boss may place upon his performance.

In one case, an executive expressed a severe hostility toward anything that represented open use of authority. He literally walked a tight rope between being fired and maintaining his job, and only because the president needed his technical services was he kept in a high executive position. Needless to say, he has not gone higher. Unless he is able to be more mature he will probably never go any higher. Another variation is one of psychological underinvestment, which often shows up in listlessness, rather than submissiveness or rebellion.

This reaction to the corporate triangle often occurs among executives who have met a seemingly insuperable barrier to their advancement. Although they may have gone through either an overly hostile or aggressive phase they eventually give up to accept and protect whatever gains they have already made.

Seldom does this response become apparent in their behavior, however. What happens is that the executive gradually restricts his drive and ambition and takes a more flexible posture toward the demands of his superior and organization. He is less likely to have vision and imagination and more likely to maintain his influence and power over others by his experience and strong identity with the life of the organization.

This type of executive has failed

to find within himself the necessary resources with which to master the figures found within the triangle.

Sometimes this executive is confused in some respects with the functionary whose role is to protect the corporate character. The major difference is that the latter's zealotry to affirm his organization's expectations causes him to be rigid, ultraconservative and authoritarian. In the former case the executive's predisposition toward apathy causes him to appear flexible, accessible, and perhaps even democratic. One must not fail, however, to see the distinction between easy-goingness due to inner apathy and objectivity due to emotional maturity.

Apathy is probably the greatest reason why potentially top men stop actively working for higher positions. It is also the least understood. Of the three major ways of reacting to the corporate triangle—submission, rebellion or apathy—the last usually results from failure of the preceding two effectively to resolve the triangle relationship. Seldom does an executive become apathetic without first becoming submissive or rebellious.

Acute apathy is usually found in higher-level executives who are older or longer in tenure. Lately, however, apathy among middle-rank executives has increased. More and more of them are deciding against the strains at higher levels. This mirrors the growing tendency to seek levels of security and protection that do not bring too much responsibility and demands for initiative. Apathy is the result of an executive's unwillingness to quit and risk a fairly comfortable or established relationship with his organization and his superiors.

The question often arises: Why do executives not move to other organizations when they find their attempts to advance have failed? The answer is that many do. In fact, managers in our society are increasingly mobile. The career pattern of many executives shows that they move out and up whenever they find their bosses or organizations immune to their advances. A requirement for success today is a willingness to move when the need arises. But one does not always solve his problem of difficult relations with power figures merely by moving away. The same difficulty may crop up again. Executives are deprived of vital skills and maturing experiences when they do not stay and see things through.

Then, too, some executives stay

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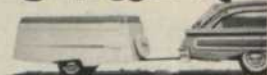
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BUSINESS PRESSURE

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when they really should not. This immobility is often brought on by their inability to separate themselves from the advantages already acquired by their positions. They feel that they have a home.

This is much the same as the son who will not leave home and give up the benefits that come from parental care and guidance even though such dominance is strict and impersonal. We often underestimate the amount of courage it requires for some executives who have deep attachments to their organizations to leave in the hope of finding better homes.

An apathetic executive seldom moves out or even considers moving. Usually the executive concerned with moving out has not yet become apathetic. In short, he is either the submissive or rebel type or a combination of both. If he is given an opportunity to move out but feels frightened by the prospect, he may attempt to resolve the conflict by becoming more submissive to his boss and organization. Sometimes he may become more rebellious, but this is too hazardous if he has already decided not to risk moving out.

Executives who stay typically settle down to become more docile. For this reason, executives who do not have the emotional resources to be mobile are usually submissive or incipiently apathetic.

Few executives today are rebels. Many of those who rebel do so out of feelings of inner weakness and insecurity rather than out of a realistic appraisal of their superior merits and the good they could do with them.

The interesting thing about the rebel type is that by being critical of superior power and organizational pressure and conformity, many executives believe that they are displaying masculine virility, psychological freedom, or personal independence. This may not be the case, however.

An executive can mature only by learning how to depend upon figures within the corporate triangle in much the same way that a child learns to depend upon members within the family triangle. We know that if the child learns to submit or rebel too much against these powerful figures, he is not capable of dealing with them in terms of his own interests and needs.

Likewise, if the executive is too

critical of the members of his corporate triangle or too submissive he has not really achieved freedom in proportion to what is possible if he successfully serves them, gains their acceptance, and eventually finds opportunities to serve them in ways of his own choosing and thereby masters them enough to extend his power and authority over them. This is the essence of extrication from the corporate triangle and the executive who has achieved this is truly free. He is mature.

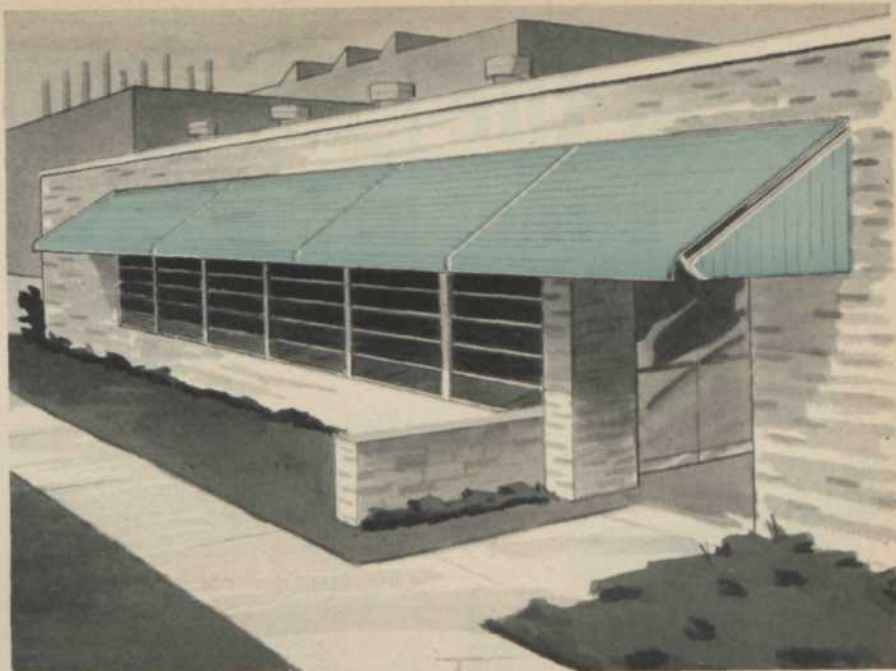
In its most acute form the corporate triangle problem is found in the executive who sees no distinction between his boss and organization. This condition was illustrated in a recent case by an executive who believed that his boss (chairman of the board) was representative of the organization's purposes. This fusing of the boss and organization makes possible the belief that the organization's welfare is identical with the boss's interests. In counseling one frequently hears executives express this belief either about themselves or about others to whom they submit.

Although this acute form of the triangle complex is relatively scarce, it exists sufficiently to make it necessary to include in counseling a procedure that helps determine the extent to which the executive has fused the boss with the organization or vice versa.

Submission, rebellion, and apathy are major attempts at extrication. There are several kinds of attempts at extrication. Moving out is one. Two others involve attempts to bring external pressure upon superiors to grant more recognition and higher position. One method is to impress power figures above one's immediate superior. The other is to prove one's superior merit by becoming a powerful figure in the community. The modern community offers frustrated executives many opportunities for emotional nourishment. Of course, some executives are active figures because of their sincere interest in community activities. But some seek positions of community leadership to salve egos wounded in the conflict of the corporate triangle.

We must take account of what all of this has to do with executive maturity.

That an executive is immature does not necessarily mean he will not succeed. Mild amounts of rebellion sometimes pay off. Unfortunately, submission to the expectations of the superior and conforming to organizational character account for more promotion to high



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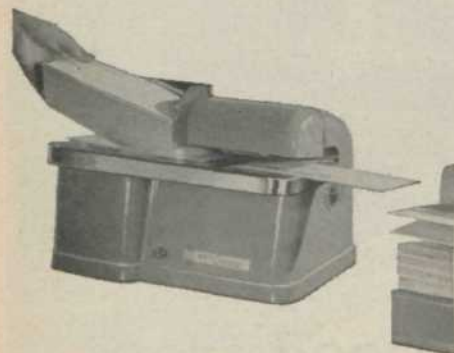
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BUSINESS PRESSURE

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position than does rebellion. Whatever is the case, too few people who strive to emerge at the top are inwardly strong, self-confident and need no reinforcement from others. The trend toward groups and committees and the overemphasis on adjustment and harmony hamper development of executives who drive through to unique, independent conclusions and exert creative combinations of power and influence.

The essence of executive maturity is the ability to provide new directions, new thrusts, which the superior has not envisaged.

This amounts to capitalizing on whatever resources or opportunities are made available and on enlarging those opportunities and powers by a search for new ideas and experiences.

By this means a man's superior and his organization will achieve lasting benefits that otherwise might not have been possible. But, more important, the subordinate will have an inner sense of accomplishment that breeds confidence, freedom and self-restraint in dealing with authority.

Going from describing some dimensions of creative maturity and prescribing remedial measures for immaturity is a rather difficult transition. There's no doubt, however, that the future will produce new solutions to this problem. Among them will be that of helping the executive become more familiar with his inner responses to the figures within the corporate triangle. An executive will not be as submissive after he recognizes his superior as a father-image. Nor will he be quite the rebel after discovering how much he is agitated by ungratified cravings for recognition.

With insight and understanding, life within the corporate triangle may take on creative opportunities where conflict or apathy once held sway.

—EUGENE EMERSON JENNINGS
The author is a professor at Michigan State University. He bases his current article on extensive research which he has done as a psychologist and adviser to top executives in many U. S. companies.

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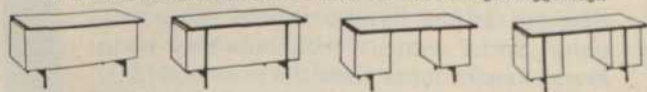
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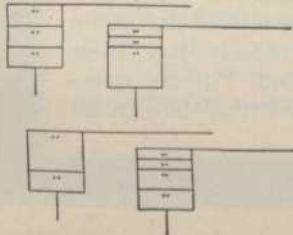
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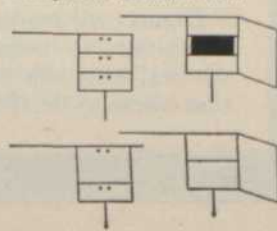
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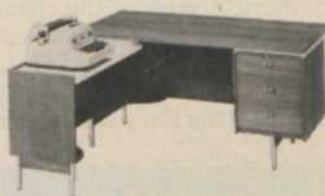
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The condition of Congress—full-blown with pending bills—is made even more delicate by the fact that it has enacted little it can shout about to the voters.

The urge to pass vote-drawing measures, set in this atmosphere, heightens the chance for enactment of expensive and ill-considered proposals. Here are issues of top business interest on which Congress will be trying to write laws during the weeks ahead:

LABOR—Organized labor won't get the legislative main course it ordered from this Congress—a boost in the minimum wage from \$1 to \$1.25 and extension of coverage to 10 million more workers. But labor will get some lesser fare.

"Lots of negotiating will be done so as to get a compromise bill enacted, not just make an issue," predicts one top strategist.

Business is opposed to an increase in the minimum wage. The boost would ripple upward like a wave through industry, forcing higher labor costs.

Many members of Congress embroiled in the labor reform act of last year want to make sure labor considers them friends. Plenty of potential votes exist among the 18 million members of labor unions.

Legislation to permit loans to spur economic development and employment in depressed areas stands a fair chance of passage, but will undoubtedly be too expensive to win the President's approval. Another union goal, federal standards for unemployment compensation, stands almost no chance of passage.

WELFARE—Congress is about to put Uncle Sam in the health insurance business.

Pressures are strong for legislation to obligate the federal government to pay part of the cost of medical care for the aged or to pay hospital and surgical bills of social security beneficiaries out of the social security trust fund.

If the social security law is broadened to pay medical care costs for old folks, it will mean bigger social security taxes for employers and employees. It would cost more in general tax revenue if appropriations were made for this purpose. But health insurance for the aged has plenty of pull among the 16 million voters 65 or older.

The so-called Forand bill would set up compulsory health insurance. Hospital, nursing home and surgical bills of social security beneficiaries would be paid by an increase in this tax. Nothing this broad or costly—it's estimated annual cost is from \$1 billion to \$2.25 billion—would be enacted. But some limited plan, either under social security or through federal-state shared payments to help the elderly with part of the cost of voluntary health insurance, is likely to become law.

Opponents of socialized medicine point out that, if government gets into any such program, medical standards may be lowered, facilities may be overloaded and private insurance companies will be overregulated and discouraged from increasing coverage of the aged, 40 per cent of whom already have insurance.

Social security is practically certain to be liberalized this year. The restriction for disability payments will undoubtedly be removed so that workers under the program can collect no matter at what age they are disabled. It now applies only to those 50 or older. Social security recipients may be allowed to earn more than the present \$1,200-a-year limit and still cash their Old Age and Survivors Insurance checks.

Democratic leaders have agreed that some legislation to help the elderly pay their medical bills will be passed. The big question seems to be: Will the President sign it?

EDUCATION—Odds now distinctly favor multimillion-dollar legislation involving the federal government in local school construction.

The final bill will probably call for \$975 million over three years. States would get money from Washington for school buildings on the basis of needs. No money would be included for teachers' salaries.

The Administration has offered a measure to authorize the federal government to pay off \$300 million a year of school construction bonds with the states sharing the costs. However, federal-aid advocates in the House designed the \$975 million three-year bill to win necessary House Rules Committee approval and broad support throughout Congress.

Passage is likely despite the higher rate of building than enrollment and despite warnings of federal controls.

TAXES—Many ideas for drastic changes in the tax laws will be kept under wraps this session. Congress again will extend the present corporation and excise levies about as they are now. Individual income rates will remain unchanged.

Revamping of the tax system was promised when the House Ways and Means Committee started its big study last year. But this is a long-range program aimed at broadening the tax base by repealing many special-treatment provisions and cutting income tax rates.

A plan for selective tax relief may get through this year. It would allow self-employed persons to defer taxes on amounts put aside for retirement programs.

Another bill which is likely to get through would permit U. S. companies to defer taxes on income earned abroad.

BUSINESS CONTROLS—If you sell on credit or lend money, you will have to give customers written notice on the amount of interest you charge them, if a bill now under consideration is enacted.

Chances are it won't gain enough support to get through this year, but it has considerable steam behind it.

Measures with less chance of passage include those to require the President to hold hearings on price or wage increases which might be inflationary; to require companies to give the Federal Trade Commission notice before they raise prices and to give the government notice of planned mergers.

HOUSING—A catch-all housing bill with provisions for increased public housing and urban renewal money and direct loans for middle income housing will probably be vetoed as too expensive if it gets through both houses.

The future of a measure to give the Federal National Mortgage Association \$1 billion to buy mortgages to spur the home building industry also is in doubt.

In the field of veterans housing, the Veterans Administration loan-guarantee program, now almost an institution after 16 years, may be allowed to die in July. A proposal to let the VA sell debentures to finance direct loans may pass.

Undoubtedly, the Federal Housing Administration's home improvement program, under which FHA insures home improvement loans, will be extended beyond its October expiration date.

VETERANS—An array of legislative appeals is being spread before some 22 million potential veteran voters and their families. Proposals would grant peacetime ex-servicemen the same school and loan benefits as wartime veterans, permit World War II veterans to reinstate government life insurance they dropped, give World War I vets a \$100-a-month pension.

The cost of these various schemes would run between \$3 billion and \$4 billion next year, a price tag so large it automatically spells "veto." (See "Veterans Want Billions More," page 10.)

FARM—The President told Congress this year that he would accept almost any remedy for the ultra-expensive farm price support problem if it followed these broad lines: It should relate supports to production control and avoid direct subsidy payments for surplus crops.

However, a sweeping House measure has considerable strength in Congress. It would set up production controls for livestock, give farmers direct payments similar to what the old Brannan plan called for, and provide a program of land retirement.

The Administration's soil bank program, under which the government pays a farmer to take land out of production, may not be extended.

Price props for wheat at 75 per cent of parity might be raised. This is the most expensive of the price-support programs.

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POLITICAL POWER

continued from page 37

may be reversed. Pressure may be less for national social experimentation and more for government service at home.

The results of this trend are already apparent. Nonfederal expenditures for schools are five times as great as they were 15 years ago and three times as great in constant dollars. This is twice the rate of growth in the economy as a whole.

The pressing needs of the 1960's will emphasize education, streets and highways, sewers, water, urban development, and stream pollution control. The era of almost complete dominance by the federal government is passing. We'll still have major national problems, such as the cold war, but more day-to-day problems will be local.

Unions

Nearly everybody, by 1970, will be becoming or will have become, middle class or better. The average American will no longer be interested in dividing up somebody else's income or property. He will be interested in protecting his own.

This will have a sizable effect on union and management relations. Management of more alert firms is already learning how to work out problems with, not despite, its employees.

This trend will force decentralization of the national unions' control over locals. This will resemble the decentralization of corporate management.

Other factors will weaken the national power of unions in the political sphere. The change in age distribution is one. Union policies, such as seniority provisions, have tended to discriminate in favor of older workers. But the older members are beginning to leave the labor force.

Those who take their place will not have come through the struggles of the 1930's. They will be more inclined to think of the union as another deduction from their paycheck, something which has hurt as well as helped them. The union will be less likely to command their intense loyalty.

One other important fact will make it more difficult for national unions to press for major show-downs in the future. As the recent steel strike demonstrated, our economy is now so intricately geared that the damage to the public of a major strike may appear greater than any possible benefit to the



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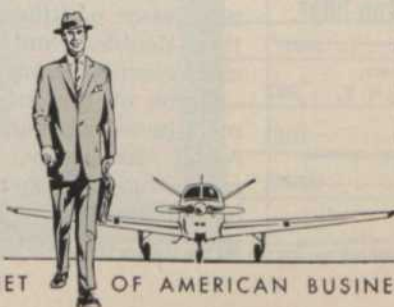
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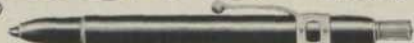
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POLITICAL POWER

continued

union. It is recognized now that the national interest must be considered in settling labor-management disagreements.

These and other developments will make it more difficult for national unions to set standards which will apply alike to big and small companies, to big cities and small towns. As the workers demand more say, national unions will find it more difficult to swing votes for or against particular congressmen.

Home owners

Home owners are already becoming less politically effective nationally, although they are gaining strength in some local areas by joining forces with those interested in problems of urban development.

Housing standards have been rising faster than living standards as a whole. Including farm housing, the percentage of units without running water dropped four per cent a year in the 1940's and more than five per cent a year during the 1950's. More than 35 per cent of housing reported as not up to standard in 1950 had been eliminated or brought up to standard by 1956.

By 1970 housing standards will be far better than today. Three-bedroom houses will be commonplace. The cost will be lower in relation to incomes and the space available per person will be appreciably greater. Financial institutions will develop to channel savings to housing in a more efficient fashion. Today's battles over interest rates and the availability of funds will have weakened.

Home owners will be less interested in more federal funds than in better parks, better streets and schools and other facilities to make their neighborhoods more attractive.

The change in the age distribution is already having an impact on home ownership. Now about 67 per cent of all nonfarm units are owner-occupied. But the upward trend is being checked by the growth in the number of young and older families interested in renting. About the same total volume of housing was started in '59 as in '55. But the number of multifamily starts more than doubled, and the number of single-family starts declined.

Some of the increase in apartment house occupancy, and in other rental occupancy, will represent middle-aged exurbanites who move back to town. But more than half may represent young people.

This trend toward renting will add to the mobility of the population from suburb to suburb, city to city, and state to state. To the extent that older families move to suburban apartments, there may be increased opposition to tax boosts because of repercussions on rent.

Nearly four per cent of the population moved from one state to another in each recent year. This is changing regional political strength. The Northeast may lose nine congressmen in the next reallocation. New England may lose three, New York and Pennsylvania three, and Arkansas two, and Minnesota, Iowa, Kansas, West Virginia, North Carolina, Georgia, Alabama and Mississippi one each. Michigan and Texas may gain two, Florida four, and California seven. Backers of federal public works may be more influential, as the West gains strength.

Investors

For the economy to grow, large amounts of capital are necessary. This investment will be forthcoming only if profit rates are high enough to encourage people to save and risk their savings in loans.

Today more people are learning this. Among them are the old people whose income depends on pensions, returns from life insurance or investments in stocks and bonds. Other families are getting more of their income from interest and dividends.

The percentage of families owning stocks rose a third from 1955 to 1959. It may rise another 50 per cent during the 1960's.

The growth of investment companies is hastening this trend. Total investment in these companies grew faster in the 1950's than that in any other type of institution. By 1970 their holdings may exceed savings and loan and mutual savings bank holdings combined.

Through corporate reports to stockholders and reports of investment companies to their shareholders, therefore, information regarding the importance of policies which will promote prosperity may be channeled to an increasingly important and vocal part of the population. Understanding of the importance of corporate prosperity may grow and the willingness of politicians to divert earnings from stockholders or from investment may be weakened.

Transportation users

Expenditures for user-operated transportation may range between \$55 billion and \$60 billion in 1959

dollars by 1970. The highway users are joining with other interested groups on matters of mutual concern. Automobile makers, oil firms, and others are learning to cooperate.

This will develop a particularly powerful bloc because it combines national and local interests.

With 80 million automobiles and 100 million auto drivers, numbers alone would make this group powerful.

Its effectiveness will increase because urban development and urban growth are now becoming increasingly important to all communities. Streets and roads are as important as any other factor in determining the type, direction and speed of growth.

Consumers

Increased education, increased technical training of the labor force, may result in greater interest in standards for consumer goods by 1970.

Consumers are already becoming more effective in matters affecting public health. Radioactive fallout and smog hazards are areas in which increasing attention is being paid to translating consumer interest into enforceable standards.

Although consumer interests are diversified, a specific matter, such as a pension or a gasoline tax, could be a focal point around which they would unite. But decisions on how to define types or mixtures of fibers, or grades of meat, must be based on things which are difficult to explain to laymen and therefore unlikely to inspire united action.

Nevertheless, a pattern is evolving in which organizations speak for consumers on matters they can understand, and are supported by consumers when they lobby on more esoteric matters. This is what happens in government as a whole.

As life becomes more complicated, more and more things are done for the public with only passive public acquiescence.

Similarly, consumer groups started out by doing things which they could explain satisfactorily to their members and consequently could get financed. As they built up confidence, they expanded their influence, and they may be expected to continue to expand it.

An industrial purchaser today tends to buy on specifications. The consumer of 1970 probably will buy a small but higher percentage of his goods and even some services on specifications. He will let his congressman know if some company or product fails to meet these specifications.—ROBINSON NEWCOMB



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Executive Trends

"You're fired!"

That phrase is not heard as much as it used to be, but firings are still a fact of business life.

So reports Lon D. Barton, president of Cadillac Associates, Inc., of Chicago, an executive placement organization.

Most executives these days are given an opportunity to "resign." The net effect is the same, but the situation is handled much more gracefully than in earlier times. Mergers, and the inevitable house-cleanings they bring, have tended to increase the number of executive dismissals, according to Mr. Barton. Twenty per cent of the executives who were registered for placement by his firm last year had been dismissed from their previous positions.

► Are some jobs more firing-prone than others? Mr. Barton says "yes." He finds that sales and marketing posts carry the greatest risk of dismissal, a fact which he attributes to the competition and pressure which surround that line of work. Companies dealing in consumer products produce more firings than companies specializing in industrial products.

What to do when the ax falls

The manager who has been dismissed should be straightforward in acknowledging that fact when he begins to look for a new job.

The reason is simple, Mr. Barton says. Most companies now have a rather blasé attitude toward firings. So, the man who has been dismissed needn't fear admitting it. It is psychologically to his advantage if he mentions the fact as early as possible in his interviews for a new job.

One important reason why dismissal doesn't seriously block the re-employment of executives, Mr. Barton says, is that few firings grow out of gross incompetence. Most are the result of factors which a prospective new employer can understand and even sympathize with—the reshuffling that follows mergers, and the generally recognized instability of employment in certain companies.

► "Whatever you do," Mr. Barton concludes, "don't make the mistake of being directly critical of your last superior—the man who fired you—no matter how legitimate your criticism may be." This will help to insure that your former boss will give you a good recommendation (most do), or at least one that is not seriously detrimental.

What ulcers cost America

Business' traditional wound stripe—the ulcer—is a significant economic problem in the United States, according to a new study by the RAND Corporation. RAND set out to determine the size of

the ulcer problem and to learn how much research is being conducted on ulcers of the gastrointestinal tract.

Study director Irwin S. Blumenthal says the casual attitude which many of us take toward ulcers has hindered national research on their seriousness. He estimates that nearly three million Americans develop ulcers each year and that 200,000 of these sufferers are disabled for more than a week. Ten thousand die each year because of ulcers.

▶ The economic cost of ulcers totals more than \$500 million annually, measured in terms of loss of income from total disability, costs of medical care for the disabled, and estimated loss of income due to early death. At the same time, less than \$5 million a year is being funneled into research on gastrointestinal disorders. Mr. Blumenthal found little agreement among authorities in the field as to the causes of ulcers.

How to overcome blocks to training

No training program is going to be fully effective if the people going into it resent being asked or directed to participate.

Lawrence Appley, president of the American Management Association, which has trained thousands of executives, tells the story of the dour executive-trainee who, when told by his company to enroll in an AMA course, appeared "on campus" and sat sullenly through the opening proceedings. He was asked if something could be done to make him feel more at home.

"No!" was the booming reply. "I didn't want to come. I'm not going to participate! And I can't be made to like it."

Dr. David A. Emery, General Electric psychologist, says most management course participants take at least one or two negative attitudes with them into training. These may include feelings of suspicion over why they were told to undergo training, resentment over disruption of their office or home schedule, or a feeling that they know more than the lecturers.

▶ Knowing that trainees will have such feelings puts you half way down the road to overcoming them. Designing your program so that the student can quickly immerse himself in the activities involved helps to relax him and to win his cooperation.

Where's best slot for executive trainee?

Those bright young men you hire out of college next month might be more valuable to you if you start them out with challenging management assignments.

Most companies have shied away from doing this. They'll take the newcomer on, then put him on a program of job rotation, so that he can become exposed to all the major departments of the company. Trouble with that, says Michigan Bell personnel specialist James L. Davenport, is that it often leaves the trainee feeling that he and the company are going in circles.

Mr. Davenport's company has a new technique for handling the executive trainee. It assigns each one to a middle management supervisor who is responsible for his training. After a five-day orientation program, the trainees are asked to tackle staff problems or supervise workers in the field.

▶ "This program involves some risks," Mr. Davenport says. "We can expect some mistakes. But there are two great advantages: People who make mistakes will learn from them, and making mistakes early is a good vaccination against making more expensive ones later on."

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WHY YOU AND YOUR BOSS DISAGREE

These guidelines will help you master business' No. 1 communication problem

FAULTY UNDERSTANDING between boss and subordinate is one of the most common and costly business problems.

A study of 972 superiors showed that there was lack of agreement with subordinates in almost one third of the total areas investigated.

In a study of boss and bossed relationships, made by the Foundation for Research on Human Behavior, these examples of disagreement were found:

Of 33 pairs studied, only 13 pairs showed a high degree of agreement on the content of the subordinate's duties.

Of 28 pairs, only four were in high agreement on the priority of the subordinate's duties. Ten pairs showed medium agreement. Fourteen pairs ranked low in agreement.

Of 35 pairs, only two showed high agreement on the job obstacles faced by the subordinate; 26 pairs showed low agreement.

Of 30 pairs, only one agreed regarding the subordinate's job requirements. Twenty-nine of these pairs showed either low or medium agreement on job requirements.

Peter F. Drucker, an authority on management in U. S. industry, characterizes boss-subordinate understanding as "a central key to the effectiveness of a management team."

Many executives are unaware that they do not have an effective understanding with those who work under them.

The chief executive of an electronics company and his principal assistant found this out. The manager had said, "Jim and I eat lunch together every day. We talk over everything and understand each other perfectly."

A management consultant gave them a communications and management test—a series of questions designed to spotlight fuzzy areas and job priorities. The chief officer found that his No. 1 pet project was only No. 4 on Jim's priority list. His No. 2 project had been downgraded so far that Jim had assigned it to his own assistant.

What can an individual executive do to clarify com-

munications with his subordinates and avoid such pitfalls?

Here are nine things you can do:

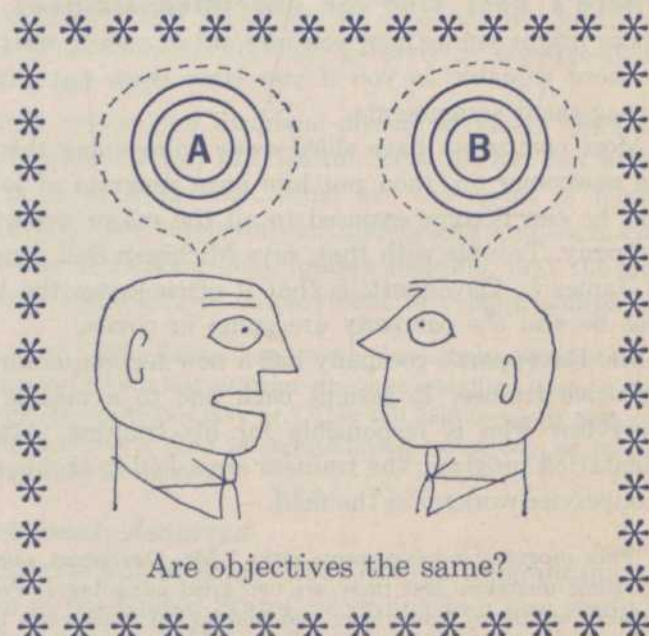
First you should find out how much misunderstanding exists. The box on page 100 provides a useful tool for doing this. It is **STEP ONE**.

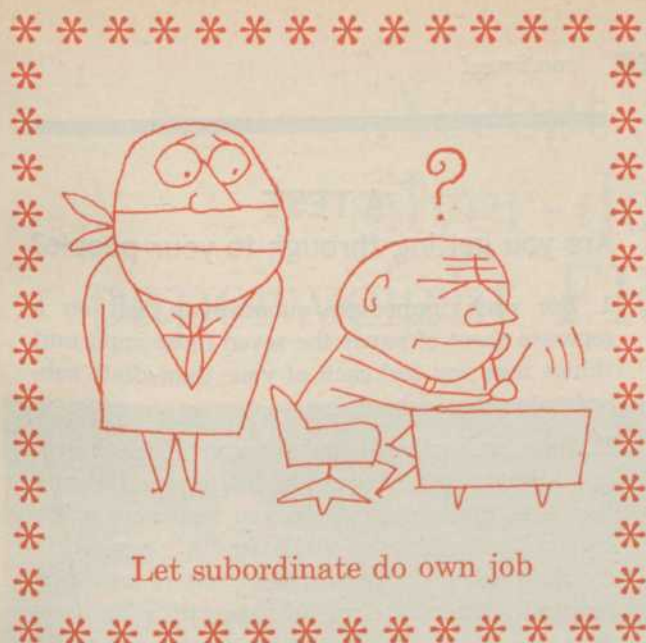
STEP TWO: Make a written analysis of your own job, including your responsibilities, authority, accountabilities, and work objectives.

List all the work for which you are responsible, item by item.

Your sources are the company's organization manual, your job description, written directives from higher headquarters, and oral instructions. These items should be checked against immediate work objectives and long-range programs. Once this is done, you'll begin to know the size of your job and the areas that require your major effort.

You may discover that you are neglecting certain





projects of importance to your boss or you may be poaching on some other executive's preserve.

STEP THREE: Set down what you need to do personally.

List those key functions you must do yourself to carry out your assignment and list the things that you should delegate to subordinates.

Many executives have to be pressured into delegating effectively. Many are just soft-hearted enough, or sufficiently egotistical, to want to help solve another man's problems. Too frequently, a chief will tell an assistant, "Leave your papers with me overnight and maybe I can figure out something."

That is not the chief's job. If he has delegated it, the subordinate should figure out his own course of action.

Failure to delegate becomes apparent when personal activities are reviewed. Invariably, this failure is compounded by the guilty man's in-basket. Some executives worry unless their in-basket is overflowing. A consultant studied the papers crossing one manager's desk. He found that 60 per cent of them had no bearing whatever on the manager's real duties. When they had been re-routed to assistants, the boss caught up with his paperwork backlog in a single week end and has since been spending his Sundays getting reacquainted with his family.

STEP FOUR: List criteria to be used by your boss to evaluate your performance.

In effect, say to yourself, "This is how I see my job." (Later, your boss may amend it, which is good if it provides a better linkage between what he wants and what you are trying to deliver.)

One management consultant found that the principal items listed by an ambitious executive were chairmanships of various community drives. He had thought, quite honestly, that he was serving his company best by such activities, and had neglected other vital missions. His boss, with an understanding of the situation, pointed out that, while these activities were important, his regular work should not suffer.

STEP FIVE: List what your boss needs to know to support you effectively.

Interdepartmental projects often are discussed by higher-echelon committees and at staff meetings. Unless he understands your activities, your boss might permit a decision damaging to your interests without realizing its importance.

Sometimes the mere act of writing down such prickly matters helps. One executive, in making his step-five list, suddenly blurted, "If my boss needs to know these things about my projects, so do I. And before he calls me about them." He got on the phone to his subordinates to bring himself up to date on matters he had delegated.

STEP SIX: Analyze how you do your work.

Your lists tell you what you are doing. Now is the time to ask: "How am I doing?" The answer may depend on how well you have communicated your needs and expectations to your assistants, and on how well these are understood.

STEP SEVEN: Ask your subordinates to do what you have already done in steps two, three, four, and five. Here is a reminder.

Have your subordinates indicate:

1. Scope of their assignments, including work objectives.
2. Functions they carry out personally.
3. Criteria they think should be used in evaluating their performance.
4. Things which you need to know in order to support them.

Set a deadline by which subordinates must submit these four lists for your review.

STEP EIGHT: Talk it over with each subordinate.

Call them to your office, one by one, for a conference which examines every item. This person-to-person communication will give you a chance to reach firm understandings with them.

Some time ago, a salesman made an impressive gross sales record but his home office remained singu-

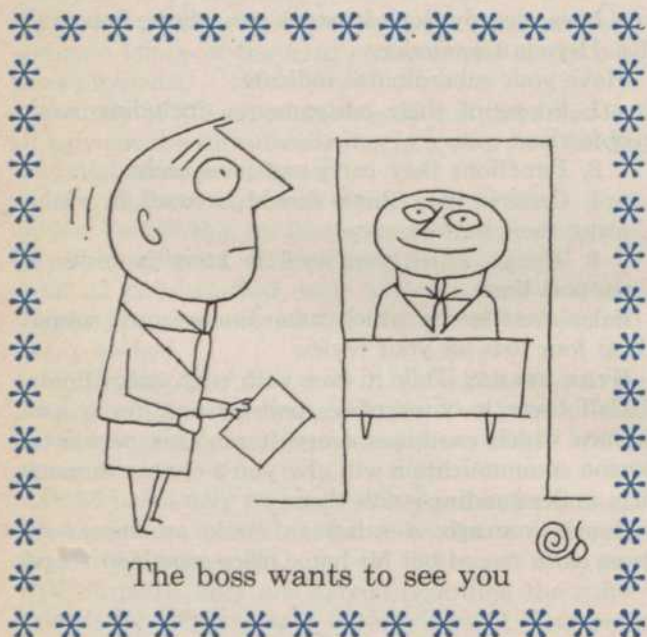


larly cool. After a year, he learned that the items he was selling were small-profit items. The home office had been judging him on his failure to sell big-profit items.

This series of boss-subordinate conferences permits the sort of man-to-man understanding that is badly needed in every business. Too often, the junior member will tell himself, "If the boss wants to see me, he'll send for me." In one extreme case a new executive worked for two years before his boss sent for him. Almost invariably, communication conferences are morale boosters. Assistants return to their jobs knowing that they are responsible members of a team.

STEP NINE: Repeat the process about once a year.

Make this a hard and fast rule. Conditions change, executives are shifted, corporate objectives are modi-



fied. Even though a company has a policy of appraising its employees annually, this cannot and should not take the place of the communications conference between superior and subordinate.

This approach has helped many executives to become more effective in doing their work and allocating their time. It has improved working relations between bosses and subordinates. It has cleared up misunderstandings. Equally important, it has helped develop many an individual's own skills as a manager.

Many men have found it a way out of dead-end departments and frustrating careers.

—JOE LEE JESSUP

*Professor of Business Administration,
The George Washington University*

REPRINTS of "Why You and Your Boss Disagree" may be obtained for 10 cents each or \$7.00 per 100 postpaid from Nation's Business, 1615 H Street, N. W., Washington 6, D. C. Please enclose remittance.

A TEST

Are you getting through to your people?

1. For each immediate subordinate, list on a separate sheet of paper the seven most important things that you feel each of your immediate subordinates should be doing.
2. Rate each subordinate in terms of the degree of understanding between the two of you. Indicate the subordinate with whom you feel there is the best understanding by the letter "A"; use a "B" for the next; and use successive letters until you reach the immediate subordinate with whom you have the least understanding of the job to be done.
3. Put these work sheets in an envelope and seal it.
4. Without any coaching on your part, request each subordinate to list the seven most important things that he does personally.
5. Review the lists prepared by your immediate subordinates to insure that you understand what they meant. However, be sure *not* to indicate to them what you think they should be doing.
6. Compare subordinates' lists with your own and indicate results below.

Immediate Subordinate	Number of items that agree	Number of items that do not agree
A	_____	_____
B	_____	_____
C	_____	_____
D	_____	_____
E	_____	_____
F	_____	_____
G	_____	_____
H	_____	_____
I	_____	_____
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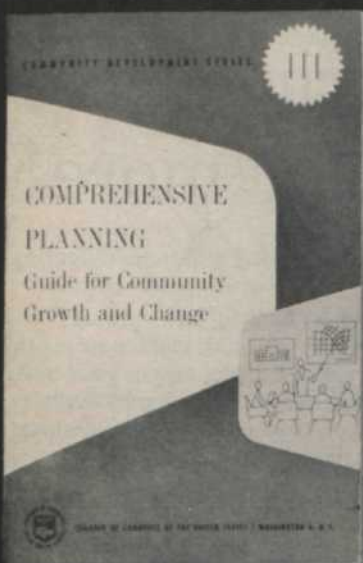
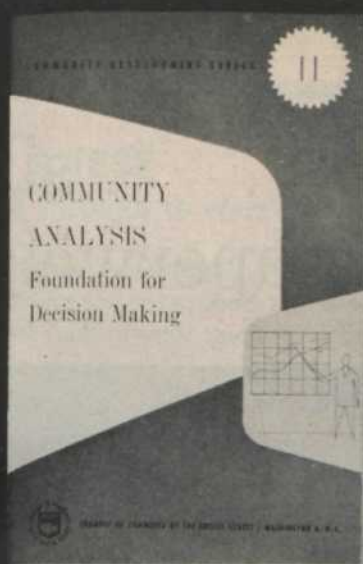
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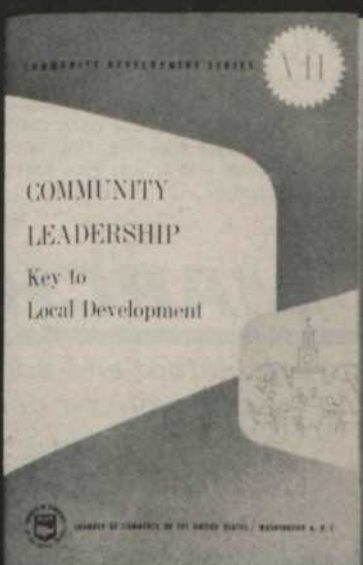
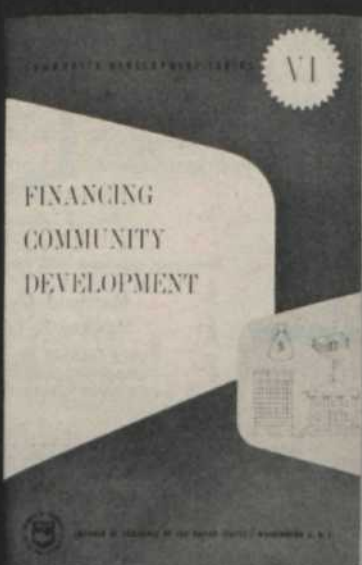
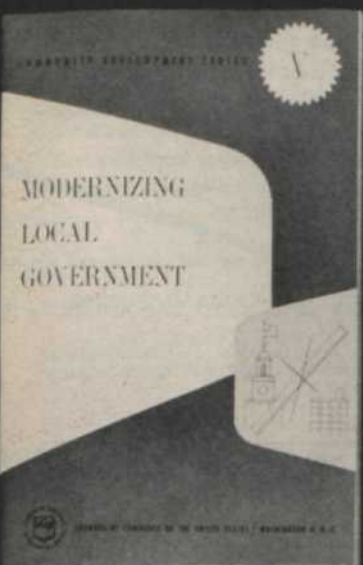
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Problems such as these are too big and, in many cases, too controversial, to be solved by any single community organization, local chamber of commerce or local government.

Moreover, problems such as these vary too much in character and complexity from one city to the next, to be solved by any single, pat method.

But these problems, and others similar to them, *can be solved* harmoniously, effectively and well through *coordinated community leadership*.

If you are a business leader, a civic leader, a chamber of commerce executive, a professional man—or just a plain public-spirited citizen—and if you are interested in encouraging *coordinated leadership* to build a better community, then you will want to read the National Chamber's new set of seven pamphlets on COMMUNITY DEVELOPMENT.

These pamphlets are working tools, but are not strict blueprints. They constitute practical, down-to-earth guidelines to follow in community development. They are based on studies which the National Chamber has made—and on regional and national urban development conferences which the Chamber has held—over a period of 13 years. The titles are:

BALANCED COMMUNITY DEVELOPMENT

COMMUNITY ANALYSIS—Foundation for Decision Making

COMPREHENSIVE PLANNING—Guide for Community Growth and Change

PLANNING URBAN RENEWAL PROJECTS

MODERNIZING LOCAL GOVERNMENT

FINANCING COMMUNITY DEVELOPMENT

COMMUNITY LEADERSHIP—Key to Local Development

The price of this set of seven pamphlets on COMMUNITY DEVELOPMENT is \$3. Order your set now. If you are not satisfied your money will be refunded.

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WASHINGTON 6, D. C.

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Washington 6, D. C.

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SOUND IDEAS

continued from page 43

checkbook citizens. We must keep hammering away at the truth that you can't buy good government. You can't do your duty as a citizen just by voting and writing a check. This is a democracy, and the only way for it to function successfully is for all good citizens to participate in its decision-making processes."

Making speeches is a major part of the Chamber President's job, and few men are more experienced at this type of work than Mr. Motley. He is one of the most sought-after speakers in the country. He gets about 400 speaking invitations a year, and accepts from 100 to 125.

His speeches are always extemporaneous and always highly informal. He believes that "the only way to get your message across is to talk in public as you do in private—down to earth and straight to the point."

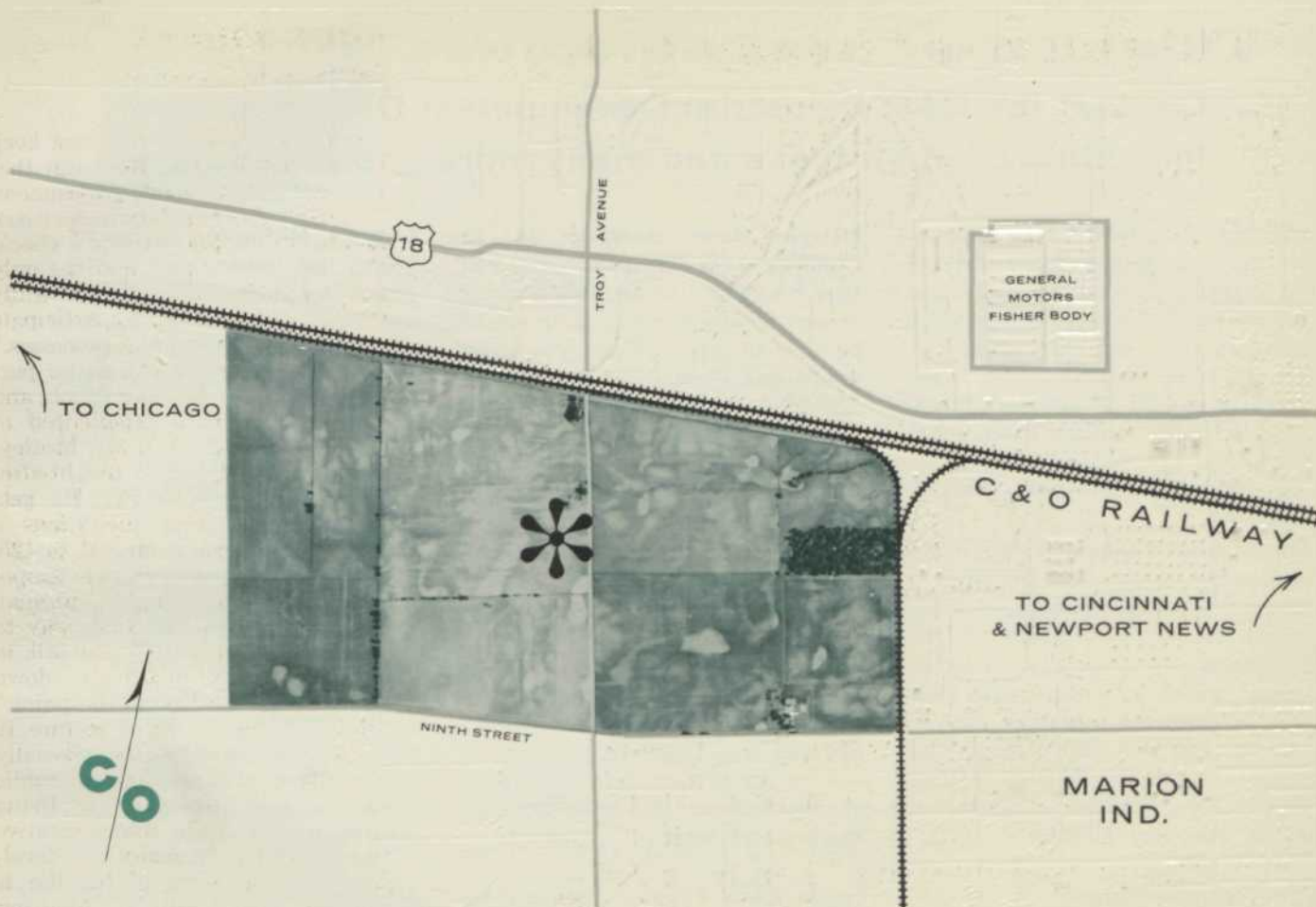
Mr. Motley's present stature in the business world—and especially his outstanding success as public speaker and salesman—are living proof of the adage that executive development is basically self-development. The story of his life is Horatio Alger with a Madison Avenue twist—the story of a poor, timid and gawky farm boy who made good in the world's toughest environment by continually reviewing his own strengths and weaknesses, and systematically setting about to enhance the former and remedy the latter.

He was born Aug. 22, 1900. His father operated a farm near Jordan, Minn., 35 miles from Minneapolis. His father was a construction worker who had hoped to earn a living by farming, but who found that he had to continue working part-time in the road building trade to supplement the family's inadequate income from the soil. Young Arthur disliked farm life intensely—and still has no desire to romanticize his childhood.

"What I remember," he says, "is trying to take a bath on Saturday night in a tin tub in front of the kitchen stove, and creeping upstairs to bed with an old-fashioned flat iron wrapped in newspapers to warm my feet against the chill of the unheated rooms."

He began his business career at the age of 13. He and a cousin, John Groff, founded the "M & G Company." They hired a horse and wagon, and went around collecting ashes at 10 cents a can. When they

(continued on page 112)



AN EXTRA DIMENSION IN SITE SELECTION

C&O experts offer you free, unbiased counsel
on any plant location along The Chessie Route

Industry scouts who have used the C&O Industrial Development Department will attest to this unique organization's *extra dimension* of service. It is based on the concept of impartially laying *all* the facts on the table. Existing tangible facts—transportation, fuel, power, water, topography, resource supply, labor, the physical community.

And there are other important facts, the kind that can be gleaned from an intimate knowledge of the prospective area. These bring into sharp focus the gray areas of local community conditions, the profile of its people, zoning regulations, the local and state tax structures, property ownership.

C&O, through its staff of cartographers, engineers, industrial analysts, geologists, and economists presents all the facts to you with unbiased honesty, without gloss. Then the decision rests with you.

There are many attractive locations along the C&O 5100-mile system serving the industrial heart of the United States and Canada. A few listings appear on the reverse side of this page.

*OPPORTUNITY AT MARION, IND.

A level 368-acre site, zoned for heavy industry, with all utilities available. On the western edge of Marion (pop. 35,000). Larger plants in the immediate area include Dana Corp., General Motors, Owens-Illinois, Anaconda Wire & Cable, Delta Electric, General Tire & Rubber, and RCA.

Fine transportation—C&O bounds property on north; reciprocal switching with three other railroads. Highways 9, 15, 18, and 37 nearby.

Other attractive C&O sites in the Marion area at Jonesboro and Gas City.



Chesapeake and Ohio Railway

Industrial Development Department

Huntington 1, West Virginia

Outstandability in Transportation

Partial list of available sites for industry

Contact the C&O Industrial Development Department for full information on these and many more choice locations

Michigan City, Indiana—In the community of Lakeland, two parcels of 43 acres and 22 acres, each adjacent to C&O right-of-way to Chicago. Both locations front on State Route 212, a 4-lane road connecting U.S. Highways 12 and 20. Nearly level property; no public utilities extended to the site at present. Zoned H-1 for both light and heavy industrial use.

Shenandoah Valley of Virginia—In Augusta County, near the cities of Staunton and Waynesboro, 11 miles apart. In particular several fine industrial sites ranging from 5 to 150 acres, located at Fishersville midway between the two cities. Served by C&O and U.S. 250. Utilities and water adequate, ample labor. Attractive area for climate, educational and recreational facilities.

Muskegon, Michigan—A 100-acre site located just south of the city. A road divides it into two natural parcels, 30 acres and 70 acres. Roads also bound the 1000-ft. depth north and south. Western boundary is C&O mainline; eastern is new 4-lane U.S. Highway 31, for nearly a mile. A fine level site, zoned for heavy industrial use. Highly diversified labor force.

Newport News—Hampton, Va.—In Copeland Industrial Park you will find any size site needed, offering economy and construction speed because all sites are graded; water mains, gas, electric utilities all in. Linked to Hampton Roads, one of America's busiest harbors, and the C&O Railway. A ready supply of both skilled and unskilled labor.

Griffith, Indiana—This 153-acre site is zoned for industry and well-suited for complete plant and marketing operation. Bounded on south by C&O mainline. Four other railroads junction at Griffith, a residential community 28 miles from downtown Chicago. U.S. Highways 6, 30 and 41 nearby; six airports within 15 miles. Favorable labor. Adequate electricity, gas and water.

Logan, Ohio—Forward-looking community in the Hocking River area where several choice industrial sites are available. Abundant fuel sources in coal, oil and gas; adequate electric power and water supply. Served by C&O and U.S. Highway 33. Large labor reservoir, both skilled and unskilled. Pleasant community only 49 miles from Columbus.

Lansing, Michigan—A fine 12-acre parcel just outside city limits, and zoned for industry. Bounded by C&O and State Route 174, and 2000 ft. distant from main east-west artery U.S. 16. Water, sewers, and gas are all adjacent to the site, with firehouse directly across the road. Excellent skilled labor source from this state capital city of 128,000 population.

South Central Ohio—The Scippo site on the outskirts of Circleville is close by the duPont Mylar polyester film plant. This 55-acre property is bounded by 4-lane highway U.S. 23 and double-track mainline of the C&O. Abundant water, electricity and natural gas serve the site. A ready supply of high-grade bituminous coal and high quality coke. Excellent labor source.

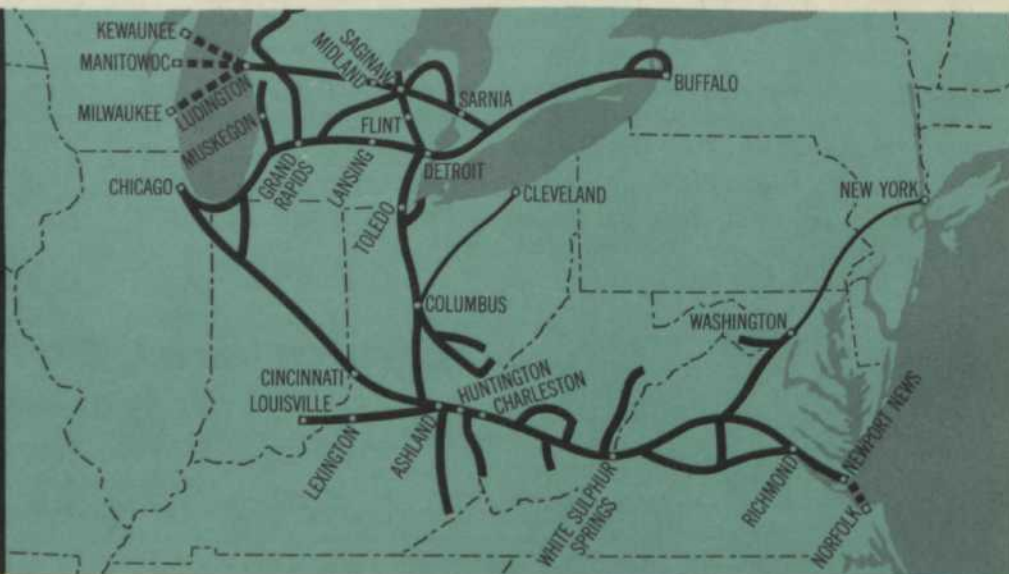
Siloam, Kentucky—A 430-acre site along the Ohio River opposite Portsmouth and adjacent to Columbia Hydrocarbon Corp., ethylene producer. Served by C&O mainline and U.S. Highway 23. Fuel and power sources ample and dependable. Abundant nearby supply of high grade coal and coke. Labor is adequate, both skilled and unskilled.

Complete industrial surveys of these and other sites along The Chessie Route are available to interested companies. Inquiries are handled in complete confidence and without obligation. Address: Wayne C. Fletcher, Director of Industrial Development, Chesapeake and Ohio Railway, Huntington, West Virginia. Telephone: JACkson 3-8573.

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Opportunity for
Industry all
along the
Chessie route



*Outstandability
in Transportation*



SPECIAL LETTER

NATION'S BUSINESS EDITORS REPORT ON: federal lending

UNCLE SAM HEADS DEEPER into credit and loan-guaranteeing business.

This means government involvement in financing nation's economic growth will increase.

Involvement good or bad? It adds up to what economists call private disincentive--which means less, rather than more, private incentive to invest.

Initial impact of most programs is economic stimulation.

But economists question whether longer-term influence is good.

This special analysis of the programs, their magnitude and character is aimed at informing thoughtful businessmen who can decide for themselves.

* * *

OUTSTANDING LOANS, guarantees, insurance for major federal credit programs will reach \$91.7 billion within 60 days.

By end of next fiscal year total will amount to estimated \$97.9 billion.

That sum will be more than \$12 billion higher than total at the end of fiscal 1959.

* * *

UPWARD TREND, according to best estimates in Washington, will go on.

During early months of fiscal 1962--approximately year and a half from now--total is expected to exceed \$100 billion mark.

* * *

ECONOMIC IMPACT of credit programs is felt chiefly through new credit extended, new loans made.

Uncle Sam extends credit through 22 major programs. Administration asks that 18 be given additional guaranteeing authority.

* * *

TOTAL NEW COMMITMENTS planned for year ahead: \$22.5 billion. Of that sum,

SPECIAL LETTER: FEDERAL LENDING

direct loans, investments will account for \$5.7 billion. Guarantees, insurance will account for \$16.8 billion.

But some previous loans will be paid off. Amount outstanding will go up by estimated \$6.2 billion.

* * *

LARGEST PROGRAM is a \$33 billion guarantee by the Federal Housing Administration.

Amount will go up \$4.7 billion in year ahead.

About one sixth of all outstanding home mortgages have Uncle Sam as co-signer under FHA.

Another sixth of all mortgages are backed by good faith and credit of Uncle Sam through Veterans Administration.

FHA program is self-supporting, with insurance premiums, fees, other income covering current expenses, adding to reserve against future losses. No charge is made by government for VA guarantee. Administrative expenses are paid by congressional appropriations.

* * *

OTHER MAJOR DIRECT LOAN and loan-guarantee programs include:

Urban Renewal Administration--lends money, guarantees private funds for planning, executing slum clearance, local renewal projects.

Public Housing Administration--currently backing \$3.5 billion loans, total going up estimated \$292 million in coming year.

Community Facilities Administration--\$792 million loans out now, total rising by \$173 million.

Rural Electrification Administration--has \$3.2 billion direct loans outstanding, total climbing by \$227 million in year ahead.

Farmers Home Administration--lends money, nearly \$1 billion outstanding.

Maritime Administration--guarantees loans for construction, conversion, reconditioning of vessels.

Small Business Administration--lends money directly, guarantees loans.

Commodity Credit Corporation--lends money, guarantees private loans to help support farm prices. Loans plus guarantees at this time: \$1.7 billion.

International Cooperation Administration--currently with \$3.5 billion loans outstanding, going up \$495 million during year ahead.

Peak delivery periods or emergencies are no problem for the man who uses convenient Hertz Truck Rental Service. At Hertz you'll be able to rent Chevrolet, GMC and other modern, sturdy trucks fast. Vans, stakes, panels and pickups in all sizes are always in readiness. That's because Hertz is America's No. 1 truck rental company with more than 500 truck stations in the U. S. and Canada.

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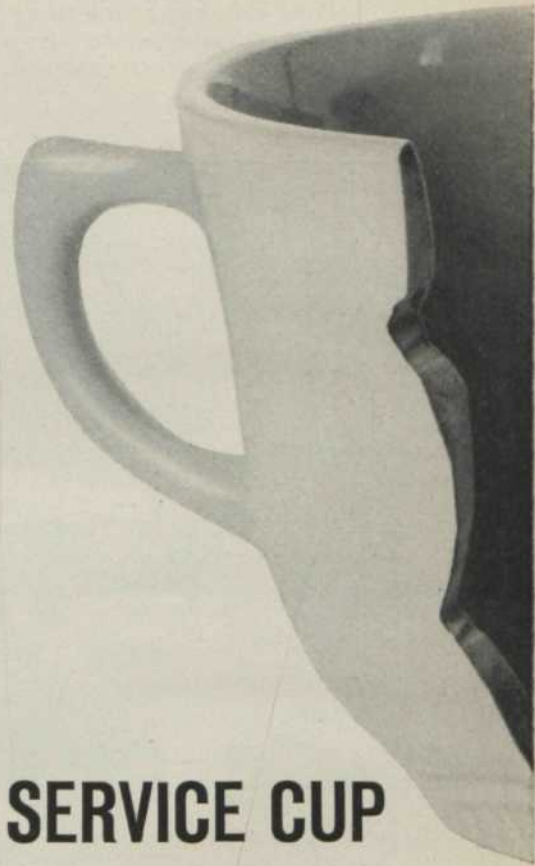
Even tractors and trailers for local or long haul use may be rented in many cities. Hertz also offers long-term, no-investment, no-upkeep truck leasing for economical year-round operation.



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By using continuous cotton toweling, they eliminate washroom litter. Cotton toweling, they find, has many other advantages, too. It saves on housekeeping expenses, is easier to service, and their doctors, nurses and other hospital personnel like it better. Why not find out about cotton toweling and towels for your business. Write for free booklet to Fairfax, Dept. P-5, 111 W. 40th St., New York 18, N. Y.

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Sure Sign of Good Management

Fairfax Towels



WELLINGTON SEARS COMPANY, 111 WEST 40TH STREET, NEW YORK 18, N. Y.

SOUND IDEAS

continued from page 104

had no ashes to collect, they delivered topsoil and manure.

Like many American parents who have lacked educational opportunities, the senior Motleys were determined that Arthur should have good schooling. When he was old enough to attend high school, they lived in Minneapolis in the winter-time. Arthur entered the University of Minnesota at age 17.

His freshman year in college was interrupted by U. S. entry into World War I. Arthur enlisted as a private in the army, and "spent the war guarding the Willys-Overland building in St. Paul." After he was discharged, he went back to the university.

To pay his way through college, he worked at a variety of jobs. He spent weekends as a door-to-door salesman, specializing first in zithers and later and more lucratively in Fuller brushes. He worked summers in an iron mine, and nights as a watchman in a lumber yard. "My job as a night watchman gave me lots of time to study," he recalls.

The most important thing that happened to him in college was that he came under the influence of a wise and discerning teacher, Prof. Frank Rarig. Professor Rarig, now in his eighties and living in retirement in Minneapolis, recognized the tremendous ambition and talent that was hidden in Arthur Motley's then-bashful and tongue-tied personality.

"He told me I had an inferiority complex," Mr. Motley says. "It was the sober truth—who wouldn't have an inferiority complex if he had only one \$25 suit and a hat that belonged to his older brother?"

Professor Rarig encouraged Arthur to overcome his shyness by entering

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oratorical contests (which he never won) and going out for campus theatricals. He had a hard time of it at first, but by his senior year he had acquired Big-Man-on-Campus status—and the nickname “Ham”—through his activities as an actor in and producer of amateur shows.

After graduating, he had a brief crack at a Broadway career, but it never got off the ground. He spent a year teaching English at Hamline University in St. Paul. That wasn't his dish either, so he teamed up with a college friend and spent several months tramping around Europe and North Africa. He decided that law might be his vocation, but after spending a year at Columbia University Law School, he knew that, too, was a blind alley for him.

By 1927, he was ready for any kind of a job, and signed on as director of a traveling medicine show sponsored by the Smith Bros. cough remedy firm. He traveled through small towns in a six-truck convoy, led by a green-and-white calliope. When the calliope had drawn a curious crowd, Salesman Motley went into his lecture for the new cough syrup that Smith Bros. was trying to launch:

“It clears nasal passages and soothes the throat,” he would assure the audience.

It wasn't a bad job while it lasted, but when spring came and people quit coughing, Red had to find something else. He landed a post as advertising space salesman for the Crowell-Collier Publishing Co., and at last, at 28, he was on his way.

After a brilliant sales performance in the South, he was sent to Detroit where he represented Crowell-Collier for six years. This period brought one of the most important turning points in his life.

It was in Detroit, in 1932, that he quit drinking.

“I realized that I was one of the high-strung people who just can't live with liquor. I had to tell myself that never again, under any circumstances, would I take a drink.

“At first, it wasn't easy. I had to figure out some way of building and maintaining that feeling of intimacy with people that I could no longer get from drinking with them.”

Out of this quandary was born the correspondence that has become Mr. Motley's trademark—and which has won him more close friendships than he could ever have drunk himself into.

It began as a simple matter of clipping out news items about people he knew and mailing them to



No future in it!



Model FH Folding Machine.

Folding is a tedious job, to be finished as soon as possible. It holds no interest, demands neither thinking nor ability, and continually interrupts the flow of work. At current salaries it costs too much. Even in a small office, for daily mail, the FH Folding Machine can boost morale, save time, cut costs.

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The FH is set in seconds, by merely moving two knobs. Can be used by anybody. Light, portable, one FH can fold for several departments. And it costs less than a standard typewriter. Ask the nearest PB office to show you. Or send coupon for free illustrated booklet.

The Model 3300-FH is a new small combined folder and inserter . . . folds and stuffs up to 500 invoices, letters, etc., in 8 minutes.



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SOUND IDEAS

continued

the subjects with brief notes of congratulations. Over the years, it has expanded into an enormous traffic—upwards of 10,000 letters a year—and it has had to be systematized.

The system is something to behold. Before Mr. Motley leaves his office on a trip (which he does at least once or twice a week) his secretary, Miss Nancy Fitzpatrick, packs his briefcase with a half-dozen red crayon pencils (for the record, he uses Blaisdell's Red 161-T, and buys them by the gross); a box of paper clips; a supply of note paper (his current favorite bears the heading "Apropos de rien—Red Motley") and some big brown envelopes.

En route by plane, train or car, Mr. Motley improves the travel time by reading six or eight newspapers, four or five magazines, and perhaps a current book. (He is a rapid reader.) Whenever he comes across the name of someone he knows—and he carries upwards of 8,000 names in his head—he rips out the item and stuffs it in his pocket.

Arriving at his hotel room, he empties his pockets on the desk, takes out note paper and clips, and begins scrawling those red-crayon missives. They are rarely more than a few words. A picture of a friend may be accompanied by the remark: "You looking good."

As soon as each clipping has a note attached, the whole bundle is mailed to Mr. Motley's New York office, where Miss Fitzpatrick deciphers the highly informal salutation, looks up the correct name and address in a massive card-index file and mails out the letter.

Mr. Motley's memory—for names, faces, facts, places, and dates—is a source of unending wonder to those who work with him.

"On the way to an appointment," says one colleague, "you can brief him for five minutes on the people he's going to see, what they look like, what they're interested in, and on the company's product and problems. When you walk in, he's able to spot every person you've mentioned, greet him by name, ask the right questions."

This trait, like all the others, was deliberately and painfully acquired.

"I bought a mail-order course in memory training many years ago," he explains. "It cost me \$10. It was based on a few simple prin-

ciples, such as the fact that you can't remember a man's name unless you really hear it clearly and repeat it out aloud almost immediately."

Although he is on the road a great deal—much more, if the truth be told, than he would like to be—Mr. Motley manages to spend enough time in his office at 285 Madison Avenue, to keep a firm hand on *Parade's* affairs. He concentrates on the business end of publishing—and leaves editorial decisions in the hands of the magazine's veteran editor, Jess Corkin.

Mr. Motley at work in his office is a very different man from the extrovert who circulates at parties and speaks after banquets. His staff meetings are quiet, efficient, and orderly, and the gold whistle never appears unless he happens to be in the mood for joking. (Some years ago, when he first acquired the whistle, he occasionally used it to summon a secretary. Once, the piercing blast from the executive suite so terrified a young woman who had been hired while Mr. Motley was out of town that she fled the office without waiting to pick up coat, hat or paycheck, and has never been back.)

One person who is never overwhelmed by the Motley personality—with or without the gold whistle—is Mrs. Motley. A vivacious woman of French ancestry, the former Helene Bishop has enough sparkle and wit to hold her own in any company—even that of her husband. They were married in 1928 at New York's famous Little Church Around the Corner.

The Motleys have two daughters, both now married. Each, coincidentally, happened to marry the son and namesake of a well known business executive. Yvonne Motley became Mrs. Thomas B. McCabe, Jr., and Marcia Motley became Mrs. William A. Patterson, Jr. Between them, they have given Mr. Motley a four-fold claim on membership in the "Bragging Grandpas' Club." No organization of bragging grandmothers has yet come to Mrs. Motley's attention, but if one is formed, she could well serve as its president.

Mrs. Motley often accompanies her husband on his business and speaking trips, especially when the route leads anywhere near Wallingford, Pa., where the two McCabe grandchildren live, or Palo Alto, Calif., where the two young Pattersons can be visited.

Between expeditions, the Motleys live in an 8½ room apartment in the Westchester County suburb of

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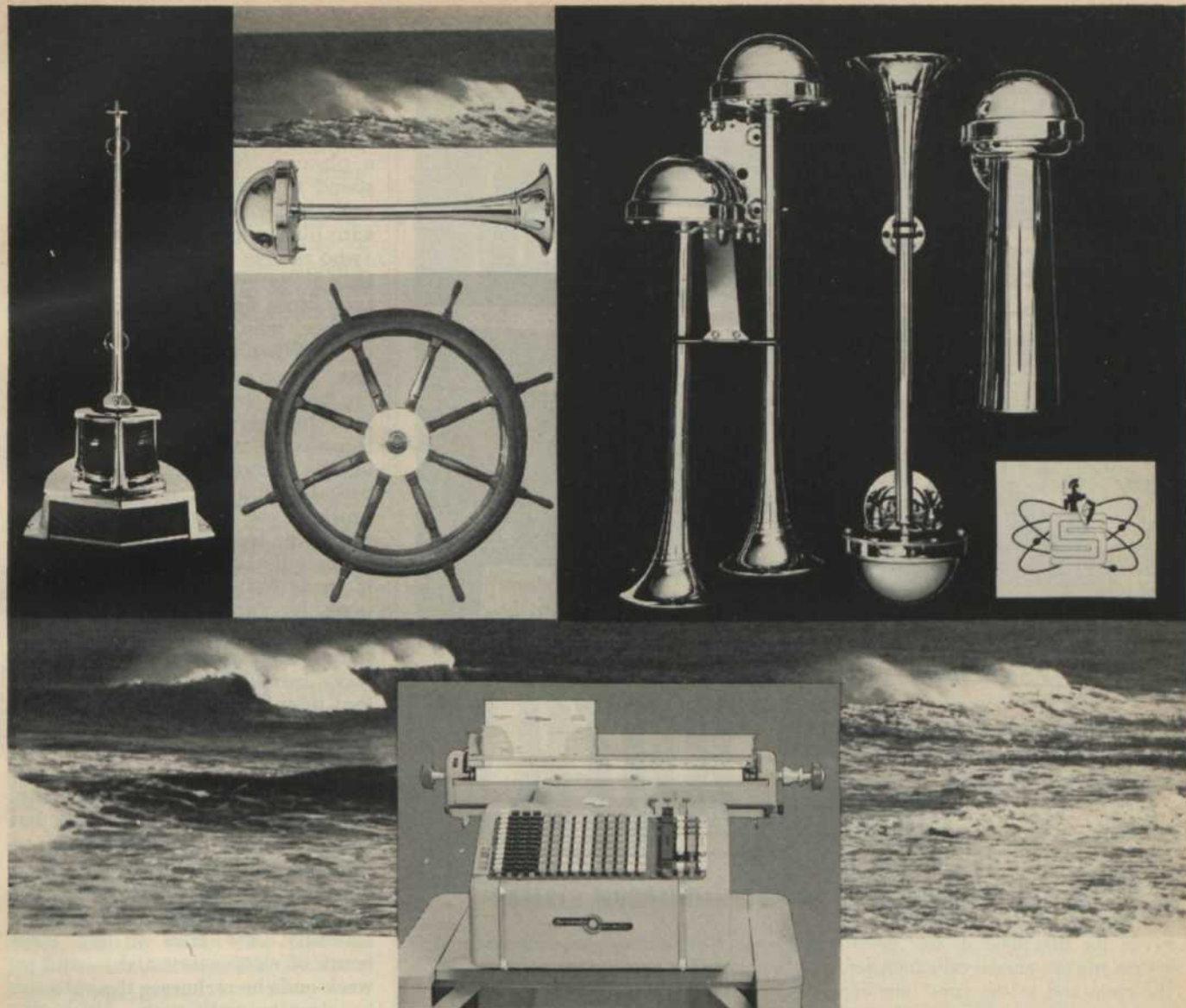
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BURROUGHS ACCOUNTING MACHINES PAY FOR THEMSELVES IN ONE YEAR AT SPARTON CORPORATION

The scene: Jackson, Michigan, headquarters of the Sparton Corporation, manufacturers of marine warning signals, railway car loading systems, automobile and truck horns, and military electronics equipment. **The job:** payroll, accounts payable and accounts receivable. **The equipment:** four Burroughs F-300 Sensimatic Accounting Machines. **The results:** John J. Smith, President, says "These machines made possible such savings in our operations that they paid for themselves within the first year of use. Furthermore we could never make our closing dates without them."

Burroughs and Sensimatic—TM's

Sparton Corporation is one of many manufacturing concerns helped to peak efficiency by Burroughs data processing equipment. For details, action—and results—call our nearby branch today. Or write Burroughs Corporation, Detroit 32, Mich.



**Burroughs
Corporation**

"NEW DIMENSIONS / in electronics and data processing systems"



SOUND IDEAS

continued

Larchmont, N. Y. They also have a place at Nantucket, where they spend the summer.

Besides keeping in frequent touch with his children and grandchildren (who receive more red-crayon notes than anyone else) Mr. Motley maintains close ties with his 90-year-old mother, who now lives in Fargo, N. D. When the loss of her eyesight four years ago made it impossible for her to continue to read his letters, he began sending her tape-recorded letters which she can play on the recorder. These facts, incidentally, did not come from Mr. Motley, and he may be pretty irritated at seeing them in print.

He will also be distressed to have it made known that the honorariums for his speeches (he never charges a fee, but some organizations insist on paying one) are always turned over to charity, and that they have, among other things, added a number of rooms to the New Rochelle Hospital in Westchester County.

Mr. Motley is in superb health. He is a big man, six feet tall, but can still weigh in at 170 pounds.

To keep up with his hectic schedule without wearing down his health, Mr. Motley paces himself carefully. He tries to get eight hours of sleep every night—and on week-ends he recharges the batteries by sleeping until noon. He begins the day with a hearty breakfast—usually steak—and eats frequent small meals thereafter. Ulcer victims will recognize where he picked up this habit. He averages about six meals a day, none of them large, except breakfast.

He chain-smokes cigars. If you look closely behind the neatly folded handkerchief in the breast pocket of his coat, you'll find at least half a dozen Corona Queens at all times. They create a definite bulge in his otherwise impeccably tailored suit—but he'd feel naked without them.

In one corner of his office, which overlooks Madison Avenue and 40th Street from 13 stories elevation, there is a coffee table with a big ash tray. The ash tray bears this motto:

"The time to make friends is before you need them."

Red Motley has been living by that rule for a long time. Judging from the results, it seems to be a pretty effective rule.

—LOUIS CASSELS



REMOTE REPLY

You can answer intercom calls from across the room—without touching a button!

COMPLETE PRIVACY

No one can "listen in" without your knowledge. Chime and signal light announce every call.

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IN THE WORLD'S MOST ADVANCED INTERCOM SYSTEM!

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SAVE TIME—get more work done!

Thanks to Executone's "Remote Reply," employees can now answer calls without interrupting their work. You get instant response without loss of working time. You eliminate waiting and costly "call backs" when phones are

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Without obligation, please send me full data on Executone Intercom. I am particularly interested in:

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Address.....



City.....

In Canada—331 Barlett Ave., Toronto

PROFIT STORY

continued from page 39

local press and employee publication stressed the partnership between employees and stockholders.

The public is being told that excessive profit is the real cause of inflation. This passage, for example, appeared in an international union's newspaper while the steel strike was on:

"Figures released by the government show that the record-high cost of living and record-high steel profits are marching hand-in-hand."

The best antidote for profit-causes-inflation nonsense is clear, forceful communication, such as this excerpt from Du Pont's *May Times*:

"Of all the irresponsible proposals to halt inflation painlessly the most dangerous goes like this: 'All you have to do to stop inflation is to make businessmen stop raising prices. You go on raising wages and providing new benefits, of course, but you don't have to raise prices. You simply pay for these things out of the fantastic profits these companies are making. . . .'"

"Under no circumstances are profits large enough to absorb wage increases for long. You can see why by looking at the figures for the past 10 years. Wage increases granted in manufacturing since the 1947-49 period now cost some \$24 billion a year. Total profits last year were \$9.5 billion after taxes."

"Wage increases or other benefits can be paid in only two ways: either by increased efficiency (through industry's huge investments in new methods, machines and processes which increase output), or by raising prices when technology's advances cannot compensate for rising costs."

Stress the profit-and-loss aspect

Remind employees and the public that our free enterprise system is a profit and loss system. Point out that those who provide the tools of production are risk-takers who, in bad years, may get a low return or none at all on their investment.

[For more useful background on profits, see "Record Profits Hide Diminishing Returns"—*NATION'S BUSINESS*, September 1959.]

You also should show how employee job security is directly related to a company's ability to use at least a portion of the profit available during good years for improvement and expansion, and to provide a means of maintaining a high level

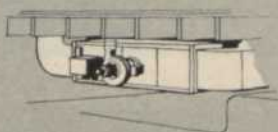
The new world of HEATING

Iron Fireman CUSTOM Mark II leads the way

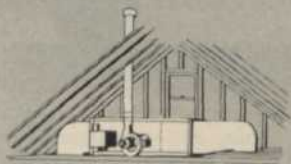
New method of oil firing developed by IRON FIREMAN eliminates smoke and soot . . . needs no chimney draft . . . cuts fuel costs drastically . . . removes the cause of 9 out of 10 service calls . . . makes steadier heat.

FOR HOMES. May be installed in what normally would be waste space—beneath the floor; in the attic; or suspended from the ceiling in the garage, utility room, or basement. Owners report fuel savings up to 1 gallon out of 3—or more.

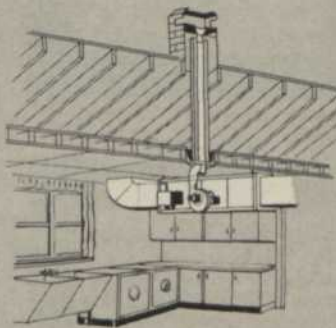
FOR BUSINESS. Many of these furnaces are installed in buildings such as garages, service stations, stores, warehouses and factories. Where local codes permit, the elimination of a chimney results in substantial saving in construction costs.



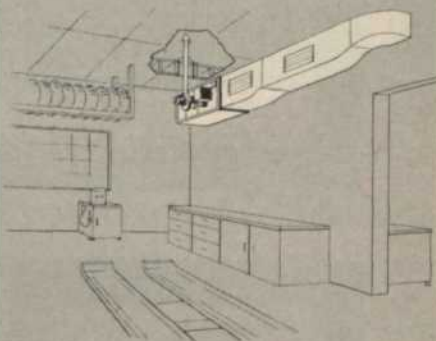
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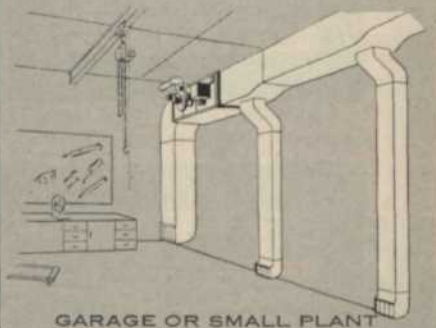
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HEATING AND AIR CONDITIONING
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Please send free information on the Iron Fireman CUSTOM Mark II horizontal furnace.

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EXCELLENT OPPORTUNITY FOR THE RIGHT MAN

"I am looking for a man with the following qualifications:

—He should have a high sense of responsibility, a strong desire to move ahead, a willingness to put out that extra effort which so often spells the difference between success and failure.

—He should have his sights set on the future, and be able and willing to consider the broader picture.

—He should be a self-starter, a doer. He should have a good deal of confidence in his own ability to do a job, little confidence in 'George' doing it for him.

—He should recognize the value of teamwork, should work well with others while retaining his measure of individuality.

—He should believe in progress.

"I am sure you have some, if not all, of these qualifications, and I urge you to put them to work to help improve and maintain sound business conditions in your city. Join and support your local Chamber of Commerce. *You are the right man.*"



Pete Progress

Speaking for your
local Chamber of Commerce

PROFIT STORY

continued

of compensation and job security during low-profit years.

Such communication, especially if used before the emotional crises so often generated during actual union negotiations, can go a long way toward softening the impact of the "ability to pay" weapon. Note the persuasiveness of this excerpt from a 1958 editorial in *Ford News*:

"The silence is deafening . . . Release of third-quarter financial statement (showing a loss) was followed by a loud silence from the critics . . . who usually talk of industry's 'exorbitant' profits . . . The point, conveniently ignored by its critics, is that our system . . . is a profit and loss system.

"It is important that we understand how this system works. As employees whose jobs depend on how well the company does, we are naturally concerned that Ford has lost more than \$16 million so far this year . . . Faced with these losses, how could Ford offer increased wages?

"The answer is Ford was able to provide its employees economic progress at this time because of profits earned in the past—and because of confidence in the future . . ."

Explain depreciation

Employees and the public do not clearly understand that many companies must set aside a large chunk of profit to make up for inadequate depreciation allowances.

You can get this story across if you use nontechnical language to show how inflation has made depreciation allowances inadequate to replace worn-out plant and equipment.

The Worthington Corporation dramatized this story with an actual example in its *Management Newsletter*:

"How much profit is required to allow Worthington to be in step with today's exacting needs? Perhaps we can best answer that question by citing the example of a recent appropriation for a Harrison Division machine tool purchase.

"In 1936, we bought a turret lathe for \$7,400. Federal tax laws permitted the company to lay aside the original cost as depreciation, at the rate of so much a year for the life of the machine.

"In 1959, when the lathe became obsolete, the company had the \$7,400 depreciation reserve to use in buying a replacement. In addi-

tion, the machine had a resale value of \$1,000.

"But the replacement cost was \$32,000 for a lathe that would perform merely the same function as the old model. A new one, with attachments to keep pace with technological advancements, cost \$52,000. Thus, the company had only \$8,400 to do a \$52,000 job. The difference of \$43,600 had to come out of profits."

Show fallacy of "pretax profit"

Those who insist profits are excessive often cite only pretax earnings, without mention of the tax bite which occurs before dividends are paid or profits reinvested.

This deception usually fools nobody if the company has provided a clear, realistic picture of taxes as an unavoidable cost of doing business.

Owens-Corning Fiberglas put taxes and profit in proper perspective with a pointed message in a "progress report" to employees:

"Fiberglas pays more in taxes than it gains in net profits. . . . In 1957, Fiberglas paid \$2,803,000 more in taxes than it made in net profit after taxes. The company's tax bill was \$11,811,000 while its net income for the year totaled \$9,008,000. . . . The Fiberglas tax bill averaged \$1,226 per employee."

Use a variety of channels

Telling the profit story is not a one-shot effort, to be thought about only when the annual report is issued. You should discuss it frequently, and through a variety of channels.

An annual press release, studded with dollar figures, does not constitute effective communication on profit. Here, for example, is a communication plan adopted by a large, multiplant company:

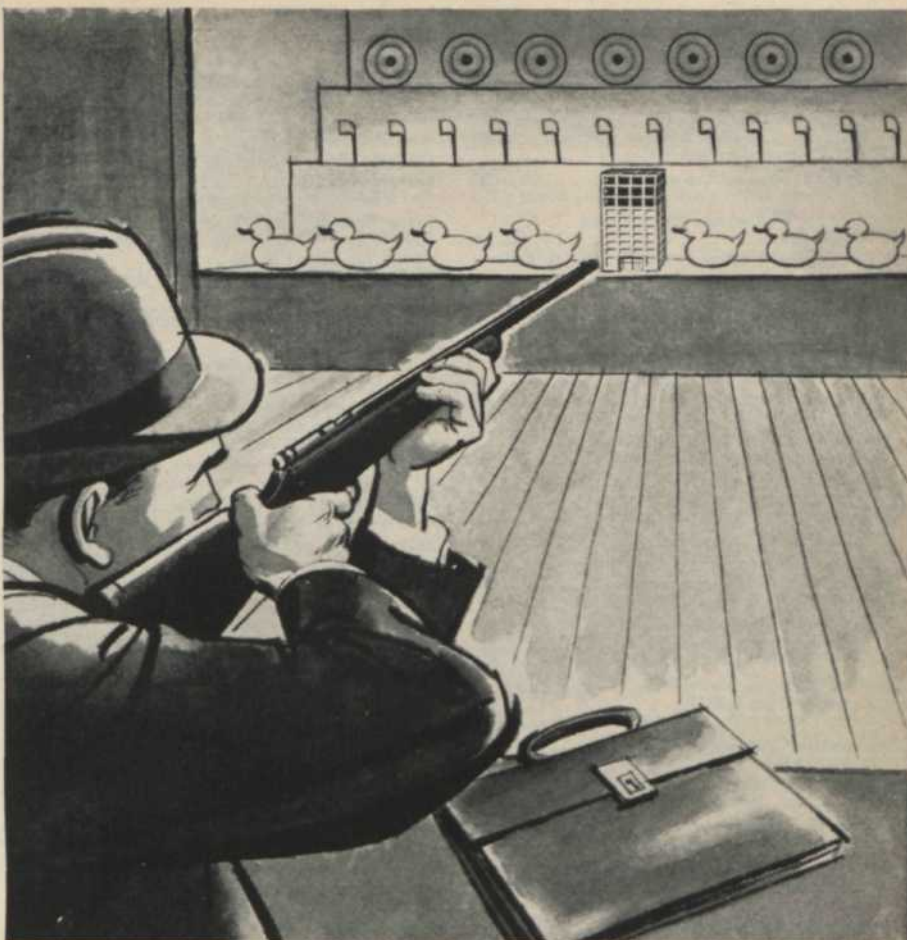
1. Periodic features in employee publications, stressing the size and function of company profit; rewriting applicable features for possible use in local newspapers.

2. Encouragement of line supervisors to talk to employees about company profit; providing supervisors, through periodic management bulletins, with understandable background data on the role of profit in a free economy, and with up-to-date data on company profit.

3. Institutional-type advertisements in key plant-city newspapers, designed to interpret the community-as-a-whole stake in the continued profitable operation of the company.

4. A special employee information

Help your salesmen pick the right target



With DODGE REPORTS, salesmen can aim their efforts at "in-the-market" prospects!

If you sell to the new construction market, your salesmen can make more of their shots count. Armed with DODGE REPORTS, they can set their sights far more often on the best kind of sales target — prospects currently in the market for your kind of product or service. Sales action can prove more productive, too, because your salesmen's calls may be timed to coincide with each prospect's need for specifying, bidding, and buying information.

DODGE REPORTS are individual project reports. Each one tells what's being built, and where, whom to see, and covers a specific stage of planning or bidding. This timely information is mailed daily — directly to you, your salesmen or agents. You specify the areas and types of construction. For each job, DODGE REPORTS provide, in advance, all the facts your salesmen need — to head straight for available business.

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Send me the book "Dodge Reports — How to Use Them Effectively," and let me see some typical Dodge Reports. I am interested in the general markets checked below.

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PROFIT STORY

continued

package for use when the annual financial report is released. These materials include posters, letters to employees and a special printed report for use in the employee publication.

5. Inclusion of the profit story in speeches by company executives to community groups.

Check your impact

Many companies tell their profit story from year to year, but never try to evaluate whether they are truly communicating with their employees or the public.

Measure the impact of your profit story periodically, even though measurement techniques are still far from accurate. Some companies have used simple readership surveys. Others have conducted depth interviews with a cross section of the intended audience.

A before-and-after survey is a low-cost, reasonably effective method. The Lamp Division of the General Electric Company conducted such a survey a few years ago.

The manager of each of several plants asked a 10 per cent representative sample of employees:

"1. Of each dollar General Electric took in this year, what is your guess as to how much the company made as profit after costs and taxes?"

"2. Were profits higher or lower than last year?"

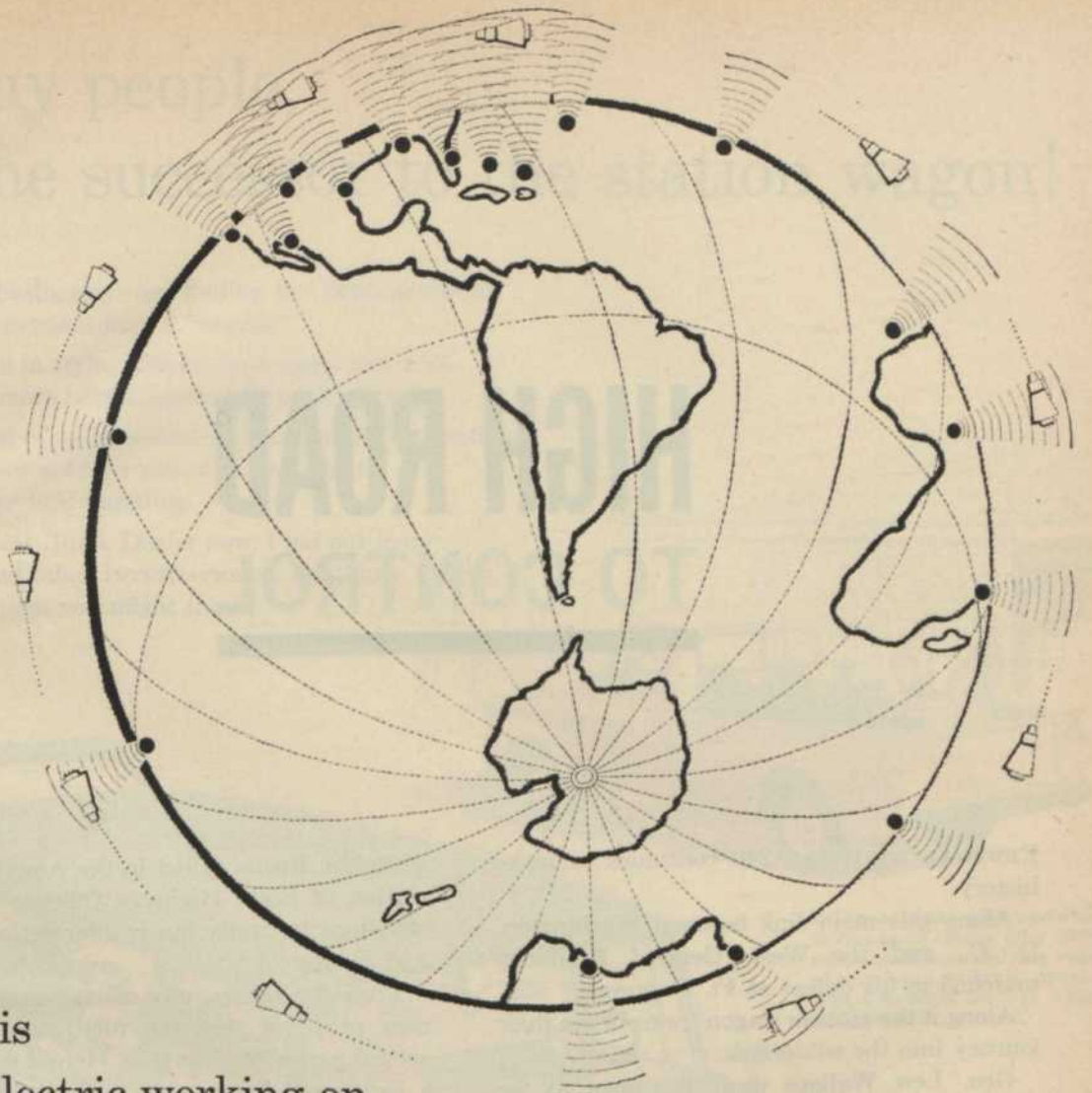
These questions were asked before an internal communication campaign was released, but after local press reports that the company profit of six cents on each sales dollar was lower than the year before.

Six weeks to three months after the internal communication program, featuring posters, letters, plant publications and messages from foremen, the same employees (and an additional 10 per cent for control purposes), were asked the same questions. The results:

► Average "before" estimate of the size of profit on each sales dollar was 22 cents; average "after" estimate was nine cents.

► 52 per cent in "before" test said profit was higher than preceding year; this dropped to 14 per cent in the second survey.—C. J. DOVER

REPRINTS of "How to Tell Your Profit Story" may be obtained for 10 cents a copy or \$7.00 per 100 post-paid from Nation's Business, 1615 H St. N. W., Washington 6, D. C. Please enclose remittance.



Q. Why is Western Electric working on "Project Mercury"—the astronaut in orbit program?

A. A vital element of Project Mercury will be the 18-station global communications, telemetry and tracking network which will maintain contact with the astronaut. Because this is basically a communications problem, Western Electric was selected by the National Aeronautics and Space Administration to lead the industrial team which is building this network. With management and technical talents proven on other defense communication projects, Western Electric was a logical choice for this assignment.

Western Electric

MANUFACTURING AND SUPPLY



UNIT OF THE BELL SYSTEM

HIGH ROAD TO CONTROL

FEDERAL HIGHWAY 240 continues to make history.

Along this main link between Washington, D. C., and the West, General Braddock marched to his defeat at Ft. Duquesne.

Along it the pioneer wagon trains began their journey into the wilderness.

Gen. Lew Wallace went this way as he hurried to the Monocacy River to intercept Gen. Jubal Early's attempt to invade Washington.

Now this historic road appears in rebuttal to the proposition that federal control does not necessarily follow federal aid.

Route 240 is a part of the 41,000 mile interstate highway system for which the federal government pays 90 per cent of the cost. Although Congress empowered the Department of Commerce to set standards for these roads, an unaccustomed degree of state participation has been permitted. The Department's Bureau

of Public Roads called in the American Association of State Highway Officials to set restrictions for traffic lanes, intersections, curves and grades.

Property owners, city officials and businessmen proposed that the road cross a thinly settled part of Washington. Here it would meet a local need by providing a new link with a populous and growing suburb.

This route, says the federal government, is not "as direct as practicable." It prefers a route that will cut through a section thick with embassies, shrines, and schools.

This route is undoubtedly direct. It is practical only because the government says it is and can enforce its opinion by withholding money.

Those who come to Washington to urge federal money for schools or other local projects without fear of federal control had best avoid Route 240.

It will shake their assurance.

Nation's Business • May 1960

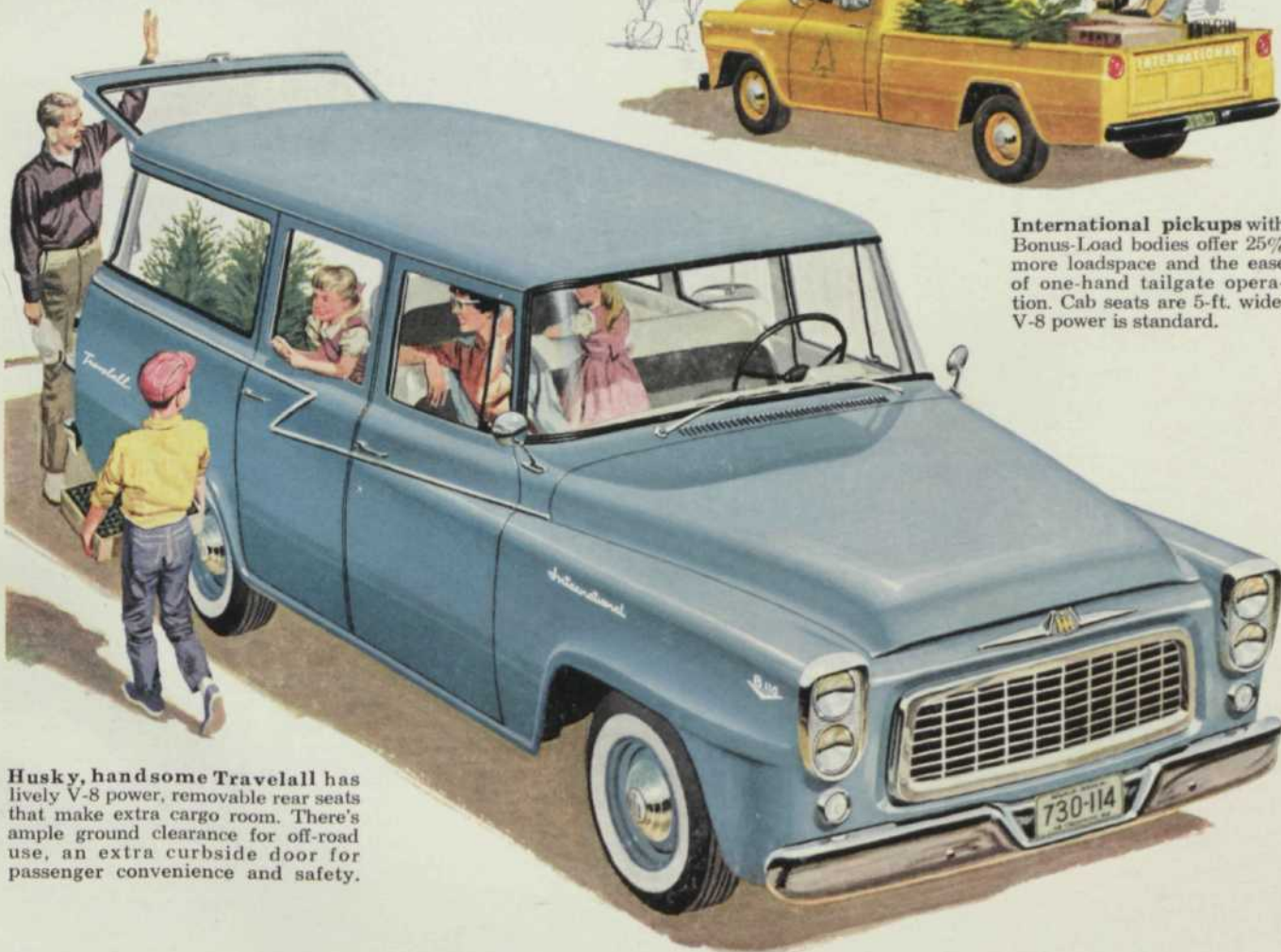
For many people, here's the successor to the station wagon!

Many families—and businesses—are finding the INTERNATIONAL Travelall® a better investment than a “wagon.”

The Travelall carries 8 in style, without crowding—and with easier entry and exit, more head room and “spread” room.

It can haul a truckload of merchandise without strain—has extra height and width for tall or bulky pieces, a low tailgate and flat floor for easier load handling.

See your INTERNATIONAL Truck Dealer now. Find out more about the Travelall and other INTERNATIONAL light-duty models. They're priced lower than you might think.



International pickups with Bonus-Load bodies offer 25% more loadspace and the ease of one-hand tailgate operation. Cab seats are 5-ft. wide. V-8 power is standard.

Husky, handsome Travelall has lively V-8 power, removable rear seats that make extra cargo room. There's ample ground clearance for off-road use, an extra curbside door for passenger convenience and safety.



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WORLD'S MOST COMPLETE LINE

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KENTILE RUBBER

ON TODAY'S SMARTEST FLOORS

Exclusive Woodgrain Planks — all the beauty of wood, none of the care!



The floor of this attractive reception room is Kentile® Woodgrain® Rubber Planks in White Oak and Chestnut. Can also be duplicated in Solid Vinyl Planks. Wall Base is Beige KenCove®.

QUIET... AND MOST COMFORTABLE UNDERFOOT...

because it's rubber. Economical to maintain, too. Kentile Woodgrain Rubber Planks never need sanding, varnishing or refinishing... require just wipe-clean care, occasional waxings. Virtually wear-proof and dent-proof. Right for your business?

See your Kentile Dealer, listed in the Yellow Pages.

©1960, Kentile, Inc., 58 2nd Ave., Brooklyn 15, N. Y.

White Oak

Chestnut

Silver Ash

THERE'S A KENTILE FLOOR FOR EVERY BUSINESS. Not only Rubber Planks or Tile, but a complete choice also in Solid Vinyl for utmost luxury, Cork for subtle elegance, economical Asphalt Tile, and Vinyl Asbestos for low maintenance cost. Over 200 colors to choose from!

YOU PAY NO MORE FOR A KENTILE FLOOR